FINAL HOUSING ELEMENT

CITY OF COLTON

January 1991

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I.
INTRODUCTION

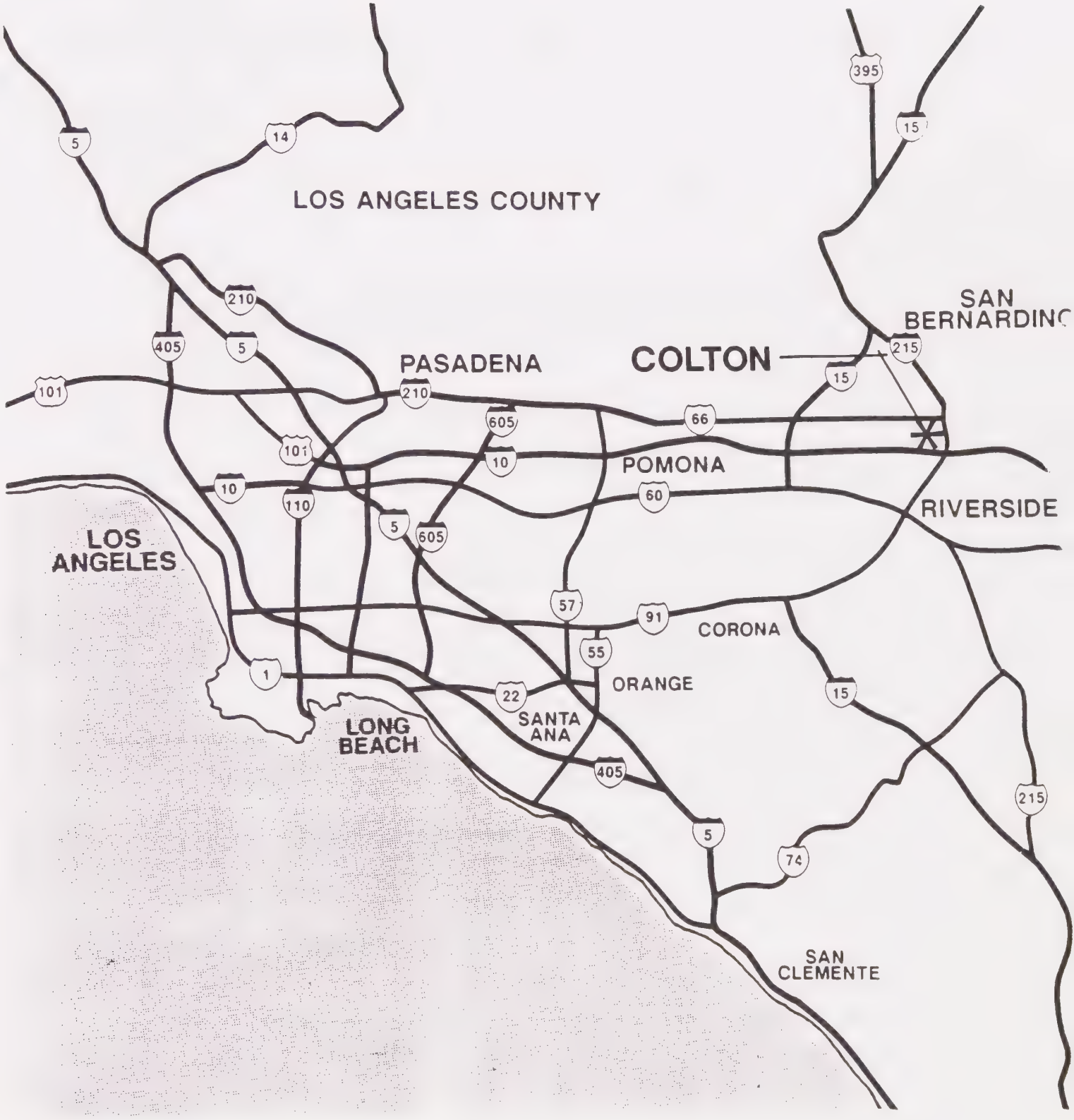
BACKGROUND

General Plan housing elements were mandated by state legislation enacted in 1967. During the past 22 years, numerous revisions have been made to the required contents of housing elements. The last major revision occurred in 1981 when the Roos Bill was passed and thereby enacted Article 10.6 of the Government Code. In addition to other State mandates, a local housing element, pursuant to Article 10.6, also must present a short-term, 5-year plan of action with respect to:

1. Improvement to the condition of the existing stock.
2. Financial assistance needs of lower-income households.
3. Production of new housing, including affordable housing.
4. Achievement of equal opportunity in housing.
5. Removal of local governmental constraints to the maintenance and development of housing.

Although the City adopted a Housing Element in 1985, Article 10.6 requires an update in 1989. The next revision is required by 1994. Data from the 1990 U.S. Census of Population and Housing will be available for the next mandated update. The 1994 Housing Element also will need to describe the progress made on achieving the goals and objectives stated in the 1989 Housing Element.

Colton is located in the fast-growing Inland Empire, adjacent to the cities of Rialto and San Bernardino. Primarily a suburban, single-family area, the town has extensive housing growth potential in central, outlying and hillside locations. The City is not now a major employment center and new job centers are located near Colton, as well as in downtown San Bernardino, Orange County and Los Angeles County. Exhibit 1 on the following page shows the City's regional location.



Regional Location
COLTON HOUSING ELEMENT

EXHIBIT 1

PURPOSE OF THE ELEMENT

A key purpose of the Housing Element is to contribute to the City meeting the State housing goal of:

> "The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order." (Section 65581 of the Government Code)

General, statewide purposes of local housing elements are influenced by the legislative policy and intent of Article 10.6. Section 65581 of the Government Code contains the following declarations which describe the legislature's intent in enacting the most recent revisions to the nousing element law:

> "(a) To assure that counties and cities recognize their responsibilities in contributing to the attainment of the State housing goal.
>
> "(b) To assure that counties and cities will prepare and implement housing elements which, along with federal and state programs, will move toward the attainment of the state housing goal.
>
> "(c) To recognize that each locality is best capable of determining what efforts are required by it to contribute to the attainment of the state housing goal, provided such a determination is compatible with the state housing goal and regional housing needs.
>
> "(d) To ensure that each local government cooperates with other local governments in order to address regional housing needs."

ORGANIZATION OF THE ELEMENT

The Housing Element is organized according to the major topics that must be addressed by localities, as defined by State legislation. Information is presented in five categories, as follows:

1. An Assessment of Need;
2. An Inventory of Resources and Constraints (including governmental and market constraints);
3. A Progress Report on Accomplishments since adoption of the previous element;

4. A Statement of Goals, Objectives and Policies; and

5. A Description of Implementation Policies and Activities.

Article 10.6 of the Government Code states that housing elements must: include an analysis of the condition of existing housing and indicate the number of units that can be rehabilitated over a five-year period; include an analysis of level of housing payment compared to ability-to-pay and indicate actions directed at meeting the needs of lower-income households that are overpaying and special needs households; discuss projections of housing needs and provide adequate housing sites; and promote housing opportunities for all persons. These requirements also are satisfied in the major sections of the Colton Housing Element.

CITIZEN PARTICIPATION

According to Article 10.6, local housing elements should be prepared with the participation of all economic segments of the community. The preparation of the 1989 Housing Element included the following citizen participation activities:

1. Citizen involvement in connection with the preparation of the goals, objectives and programs of the Community Development Block Grant (CDBG) Program and Housing Assistance Plan.

2. Citizen participation in the development of the goals, policies and objectives of the 1985 Housing Element.

3. Distribution of the Draft Housing Element to local housing interest groups during the 45-day review period at the State Department of Housing and Community Development.

4. Public hearings on the Draft Housing Element with the Planning Commission and City Council.

II.
HOUSING NEEDS ASSESSMENT

HOUSING CONDITION

This section of the Housing Element is concerned with the existing stock of housing, particularly its condition. More specifically, Section 65583 (a)(2) of the Government Code states that a local housing element shall contain an "analysis and documentation" of housing stock condition. In addition, a local housing element must establish quantitative objectives for the maximum feasible number of housing units that can be rehabilitated during the five-year time period from 1989 - 1994. Finally, the housing program part of an element must set forth the actions which a local community is undertaking or intends to undertake to "conserve and improve the condition of the existing affordable housing stock."

Housing Stock Characteristics

In January 1989, the City's housing stock includes 14,065 dwellings having increased by 5,761 units since the April 1980 U.S. Census. As noted by Table 1, almost 60% of Colton's stock consists of single-family dwellings. Next in order of magnitude, 32% are housing units located in structures containing 5 or more units. During the past nine years, 2,540 single-family units have been added to the stock and 2,916 multi-family units. These data are reported in Table 2.

According to the 1980 Census, the majority of Colton's housing stock was owner-occupied. For example, almost three-fourths of all the single-family detached units were owner-occupied at the time of the Census. However, about 82% of the multi-family structures were renter occupied. Because 50.6% of the housing gained since the 1980 Census have been multi-family units, the percent of renter-occupied dwellings may have increased since 1980. Table 3 presents the statistics on Colton tenure characteristics.

Housing Condition

One major indicator of the possible condition of the housing supply is age. Table 4, which reports on the age of Colton's housing stock, indicates that about 30% of the dwellings are 35 years of age or older. These data reveal that a sizeable segment of the stock is reaching an age where attention to maintenance, repair and rehabilitation is warranted.

Some additional housing condition characteristics are noted on Table 5. That information reveals that about 300 housing units had substandard conditions in terms of lacking complete kitchen or heating facilities or plumbing facilities for exclusive use by the occupants. Although a complete parcel-by-parcel survey of housing conditions has not been accomplished since the April 1980 Census, general order of magnitude estimates are available based on the knowledge of the Community Development Department and code enforcement officers. These estimates are as follows:

- Units Needing Rehabilitation 1,500 (about 10% of stock)
- Units Needing Replacement 100 (inadequate original construction)

TABLE 1
CITY OF COLTON
HOUSING STOCK CHARACTERISTICS — 1989

Housing Type	Number of Units	Percentage
Single-Family, detached	7,973	56.7%
Single-Family, attached	300	2.1%
2 to 4	651	4.6%
5+	4,511	32.1%
Mobile Homes	630	4.5%
	14,065	**100.0%**

Source: State Department of Finance, San Bernardino County Population and Housing Estimates, January 1989.
Table construction by Castañeda & Associates.

TABLE 2
CITY OF COLTON
CHANGES IN THE HOUSING INVENTORY — 1980 TO 1989

Housing Type	Units Added	Percentage
Single	2,540	44.1%
2 to 4	29	0.5%
5+	2,916	50.6%
Mobile Homes	276	4.8%
	5,761	**100.0%**

Source: U.S. Bureau of the Census, April 1980 State Department of Finance, San Bernardino County Population and Housing Estimates, January 1989.
Table construction by Castañeda & Associates.

TABLE 3
CITY OF COLTON
OCCUPIED HOUSING TYPE AND TENURE — 1980

Unit Type	Owner Occupied	Percentage	Renter Occupied	Percentage
Single-Family Detached	3,785	74.5%	2,297	25.5%
Single-Family Attached	114	38.9%	179	61.1%
Duplex	51	23.8%	163	76.2%
3 to 4 Units	27	8.3%	300	91.7%
5 or More	207	28.1%	938	81.9%
Mobile Homes	267	79.2%	70	20.8%
Total Occupied Units:	**4,451**	**60.2%**	**2,947**	**39.8%**

Source: U.S. Bureau of Census, 1980.

TABLE 4
CITY OF COLTON
AGE OF THE HOUSING STOCK

Year Built	Units	Percentage
Before 1940	1,512	16.3%
1940 to 1949	1,608	17.3%
1950 to 1959	1,939	20.9%
1960 to 1969	1,412	15.2%
1970 to 1978	1,081	11.6%
1979 to March 1980	752	8.1%
March 1980 to January 1985	988	10.6%
Total:	**9,292**	**100.0%**

Source: U.S. Bureau of Census, 1980
State Department of Finance

TABLE 5
CITY OF COLTON
HOUSING CONDITION CHARACTERISTICS

Housing Condition	Total Occupied Units (7,398)	% of Occupied Units	Total Housing Stock (8,304)	% of Housing Stock
Completely lacking heating facilities	54	.7%	84	1.0%
Lacking complete kitchen facilities	--	--	294	3.5%
Lacking air conditioning	--	--	2,736	32.9%
Without telephone	--	--	678	8.2%
No bathroom or only a half bath	--	--	87	1.1%
Lacking complete plumbing facilities for exclusive use	40	.5%	45	.5%
Overcrowded units (more than 1.1 persons per room)	761	10.4%	--	--

Source: U.S. Census of Detailed Housing Characteristics, 1980.

RESIDENT HOUSING NEEDS

An assessment of housing needs is a fundamental part of a local housing element. The provisions of Section 65583 (a) (2) indicate that a local housing element shall contain an "analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding. . ." In addition, Section 65583 (a) (6) of the Governmental Code states the housing element shall contain an "analysis of any special housing needs, such as those of the handicapped, elderly, large families, farm workers, families with female heads of households, and families and persons in need of emergency shelter." Therefore, this section of the Housing Element is concerned with the needs of the current resident population.

Housing Assistance Needs

Data on the City's housing assistance needs (i.e., where level of payment exceeds ability to pay) is derived from SCAG's Regional Housing Needs Assessment pursuant to the requirements of Article 10.6. SCAG is the regional planning agency responsible for estimating the existing housing needs of cities located in southern California. Existing need is defined as the number of resident lower income households paying 30% or more of their income for housing.

According to SCAG's 1988 RHNA, there are approximately 2,062 Colton resident lower income households paying 30% or more of their income on housing costs. This number equals 17% of the City's 1988 total resident households. The income and tenure distribution of these 2,062 lower income households are listed on Table 6 and shown on Chart 1.

TABLE 6
CITY OF COLTON: EXISTING HOUSING NEEDS
BY INCOME AND TENURE: — 1988

Income	Owner	Renter	Total
Very Low Income			
(Less than 50% of median income)	255 (19.4%)	1,062 (80.6%)	1,317 (100.0%)
Low Income (50% - 80% of median income)	212 (28.5%)	533 (71.5%)	745 (100.0%)
Total:	**467 (15.8%)**	**1,595 (84.2%)**	**2,062 (100.0%)**

Source: Southern California Association of Governments, 1988 Regional Housing Needs Assessment for Southern California, Table 1: Existing Need, June 1988.

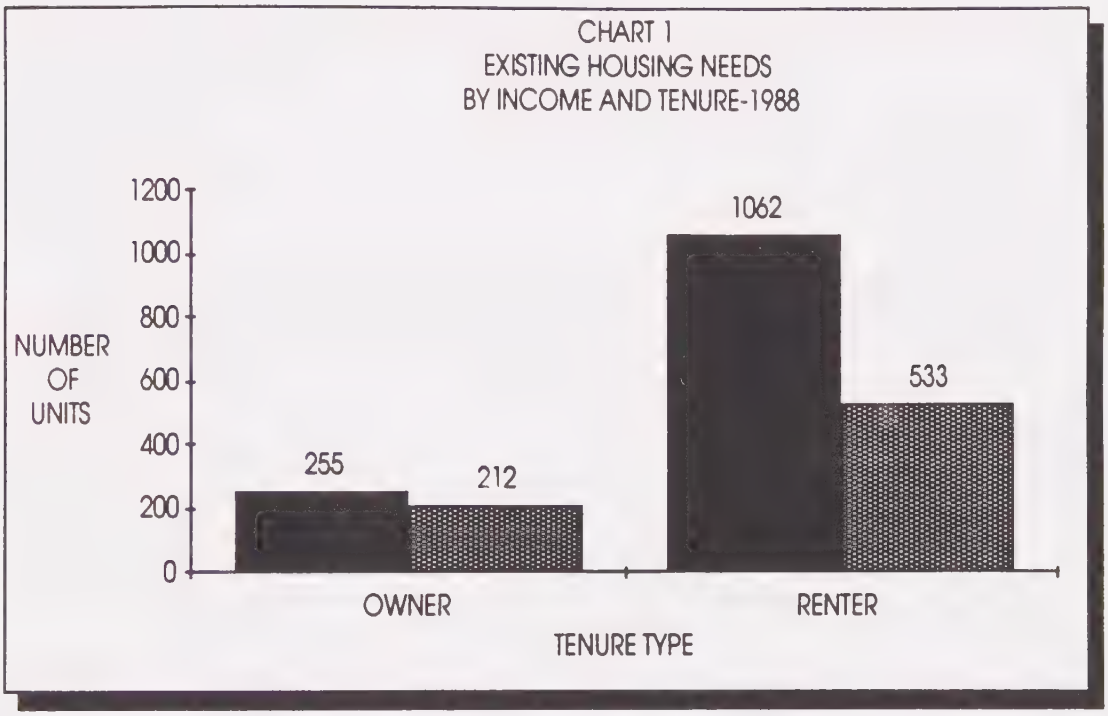


CHART 1
EXISTING HOUSING NEEDS
BY INCOME AND TENURE-1988
NUMBER OF UNITS
1200
1000
800
600
400
200
0
255
212
1062
533
OWNER
RENTER
TENURE TYPE

Special Housing Needs

Section 65583 (a)(6) requires:

> "Analysis of any special housing needs, such as those of the handicapped, elderly, large families, farm workers, families with female heads of household, and families and persons in need of emergency shelter."

The State D/HCD has explained how special housing needs differ from other housing needs in the following terms:

> "Special housing needs are those associated with relatively unusual occupational or demographic groups, such as farm workers or large families, or those which call for unusual program responses, such as preservation of residential hotels or the development of four-bedroom apartments." *

There are seven population groups that are encompassed by the special needs category:

- Seniors;
- Handicapped;
- Large Families;
- Overcrowded;
- Female-head;
- Farmworkers;
- Homeless.

Data for these seven groups are summarized in Table 7 for three time periods: 1970, 1980, and 1989. The estimate for 1989 is based on the 1980 percentage applied to the City's population and households as reported by the State Department of Finance (January 1989).

Seniors

Senior citizen households (householder 65 years or older) accounted for 1,390 or 18.7% of all Colton households in 1980. With respect to income, the median income of a senior citizen householder was $11,813. This equates to 82.7% of the City median income level and 67.8% of the County median income during 1980. A total of 1,473 or 19.9% of all occupied dwellings had seniors residing as either the householder or household member. This proportion of occupied units represents a considerable need for housing amenities, such as central heating or air conditioning, that would not otherwise be considered vital to a decent and safe housing environment for younger age groups.

* State Department of Housing and Community Development, "Housing Element Questions and Answers," (March 1984).

TABLE 7
CITY OF COLTON
HOUSEHOLDS WITH SPECIAL NEEDS

Housing Type	1970	(Percent)	1980	(Percent)	1989
Elderly (65+)	1,265	20.3%	1,390	18.7%	2,538
Handicapped	N/A		752	10.1%	1,344
Large Families (5 or more members)	1,437	23.1%	1,304	17.5%	2,338
Overcrowded (1.01 or more persons per room)	882	14.2	761	10.2%	1,363
Female-headed household	689	11.1%	1,036	13.9%	1,857
Total Households:	**6,226**		**7,434**		**13,360**

Source: U.S. Bureau of Census, 1970 and 1980
California Department of Rehabilitation

Table 8 identifies some housing tenure and condition characteristics for all 1,473 units occupied by seniors. The majority of senior households, 74%, were owners and therefore ineligible for rental assistance programs such as Section 8. Most seniors lived in standard housing but, as noted above, about one-third lived in housing without basic amenities such as central heating and air conditioning.

TABLE 8
CITY OF COLTON
CHARACTERISTICS OF SENIOR CITIZEN OCCUPIED HOUSING — 1980

Type	Total Units	% Share of Occupied Units
Total units occupied by senior citizens	1,473	100.0%
Owner occupied units	1,094	74.3%
Units lacking plumbing for exclusive use	7	0.5%
Lacking complete kitchen facilities	7	0.5%
No telephone	100	6.8%
Lacking central heating systems	541	36.7%
Lacking air conditioning	502	34.1%

Source: U.S. Bureau of Census, 1980.

Handicapped Households

The housing needs of handicapped households include, but are limited to:

- Special design features to enhance housing accessibility.
- Financial housing assistance to bring housing costs within ability to pay.

According to Table 17, there are an estimated 1,344 handicapped households residing in Colton.

The Federal Rehabilitation Act of 1973, Section 104.3 (j) defines a disabled person as "any individual who has a physical or mental impairment which substantially limits one or more major life activities, has record of such an impairment, or is regarded as having such an impairment". The State Department of Rehabilitation was contacted to determine whether that agency maintains city specific data on handicapped persons. The State Department staff indicated that assumptions could not be made from their client base as it represents only a portion of the handicapped individuals in each community. The Rehabilitation Department provides vocational rehabilitation to disabled youths and adults. The client base changes frequently and their housing needs vary greatly, depending on the disability. That agency suggested a guideline of approximately 10% handicapped in any given population. The State Rehabilitation Institute was contacted regarding handicapped data. That agency provides out-patient rehabilitation and adult daycare. No data are kept on a city specific basis.

Large Families

Large families are defined as households with five (5) or more persons. The most recent data available on this characteristic is from the 1980 Federal Census. That data indicates that 17.5% of the City's total households had five or more persons. If this same ratio were applied to all the City's current number of households, there would be about 2,338 large-family households residing in Colton as of January 1989 (refer to Table 7).

Farm Workers

Farm workers are one of seven special needs groups referenced in the State law. There were 138 Colton residents employed in the "farming, forestry and fishing" occupations in 1980. This employment category is an indicator of farm workers and farmworker households. The distribution of the 138 workers is as follows:

• Farm Managers	19
• Other Farm Workers	18
• Related Agriculture	101
• Forestry and Logging	-0-
• Fishing, Hunting and Trapping	-0-

It is estimated that the number of farmworker households would not exceed 46 based on an average household size of three.

Female Heads of Household

Demographic, social and economic conditions have combined to generate a demand for independent living quarters by households headed by females. Evidence from the 1980 Census of Population confirms this trend. According to federal census data, the City of Colton had 689 female head of households. The number of female head of households represented 11.1% of all the City's households as of 1980. Based on current trends, it is estimated that there are now 1,857 female head of households residing in the City, as presented in Table 7.

Homeless

There are many social, economic and physical conditions which have combined to increase the homeless population throughout the State of California. In September 1984, the Governor signed Assembly Bill 2579, adding "families and persons in need of emergency shelter" to the special needs groups to be considered in each jurisdiction's housing element. According to the Technical Assistance report prepared by the State Department of Housing and Community Development:

The needs assessment includes the following considerations:

1. An estimate or count of the daily average number of persons and families in the locality lacking permanent shelter.

2. A count of the number and type of shelter beds, hotel/motel vouchers, and units of transitional housing currently available in the locality.

3. An estimate derived from the figures described above of the number of additional shelter beds, shelters, and transitional housing units needed by type of need.

Site identification became a requirement, effective January 1, 1988, or the next periodic update of the housing element pursuant to Government Code Section 65588, whichever is later. Housing element law requires an "identification of adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate the development of emergency shelters and transitional housing" (Government Code Section 65583 (c)(1)).

According to the D/HCD, localities should use the Uniform Housing Code (UHC) Space and Occupancy Standards, which apply to shelters. These standards specify, for example, that sleeping accommodations for 2 persons require a minimum of 70 square feet of space and an additional 50 square feet of space for each additional person.

Any of the following could meet the adequate sites requirement for a need of no more than 10 to 20 persons: apartments, mobilehomes, recreational vehicles with hook-ups, units in a single-room occupancy structure (SRO), a large single-family unit, church facilities, commercial, or other multi-use facilities.

For a need greater than 20 persons, one or more of the following strategies would satisfy the site requirement; a program to help increase the capacity of existing shelters; identification of suitable structures such as warehouses, schools, or hotels that could be used as, or converted to, shelters; identification of specific sites which have the potential for shelter or transitional housing development during the planning period of the housing element (e.g., sites identified in a shelter ordinance); or establish a shelter-transitional housing zone or zones.

The quantification of homeless persons and families in Colton is based on interviews with City department staff and users of social services provided by agencies located in the City. With regard to City staff, the Police Department indicated that they receive occasional calls from people in need of emergency shelter. Social service providers, including the Catholic Charities and San Salvador Church, report modest levels of expressed need. The Catholic Charities serves an estimated 75 Colton families per year which translates to .21 per day. The San Salvador Church receives three calls per week (.48 per day) which are referred to Catholic Charities. These statistics indicate that expressed need in the City ranges from a very low figure to occasional inquiries with City departments. An estimate of the average number of homeless persons per day in Colton is likely to be one or less per day.

While the City has no emergency shelters, the Community Services Department has a Homeless Task Force that funds 11 subcontractors throughout San Bernardino County. The subcontractors issue vouchers for a one night stay at a local motel as well as gift food certificates. The program is funded by the State.

In addition to City services, the Catholic Charities in Colton aids families with children through two programs. They pay overdue rent when an eviction notice is issued in order to keep the family from being displaced. Catholic Charities aids displaced families in finding a permanent rental unit. Assistance is provided to locate the units, to assure that the dwelling is safe and sanitary and to complete the application process. This organization also provides motel vouchers for up to 4 days. One or two people are served each month through the voucher program.

The San Salvador Church in Colton provides food and clothing to the homeless. They receive approximately three calls per week from homeless families, which they refer to Catholic Charities.

On balance, the public and private departments and agencies appear to be meeting the needs expressed by homeless persons and families.

NEW HOUSING NEEDS

While the previous two sections have discussed the existing housing stock and the needs of current residents, this section focuses on new housing needs in Colton during the next five years (1989-1994). According to Section 65583(a)(1) of the Government Code, the housing element shall contain: "Analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected needs for all income levels." Additionally, a local housing element must contain "an inventory of land suitable for residential development" and "identify adequate sites to facilitate and encourage the development of a variety of types of housing for all income levels." Finally, the housing element "should establish the maximum number of housing units that can be constructed over a five-year time frame." This section, therefore, deals with population and employment trends and the City's share of regional housing needs.

Population and Employment Growth Trends

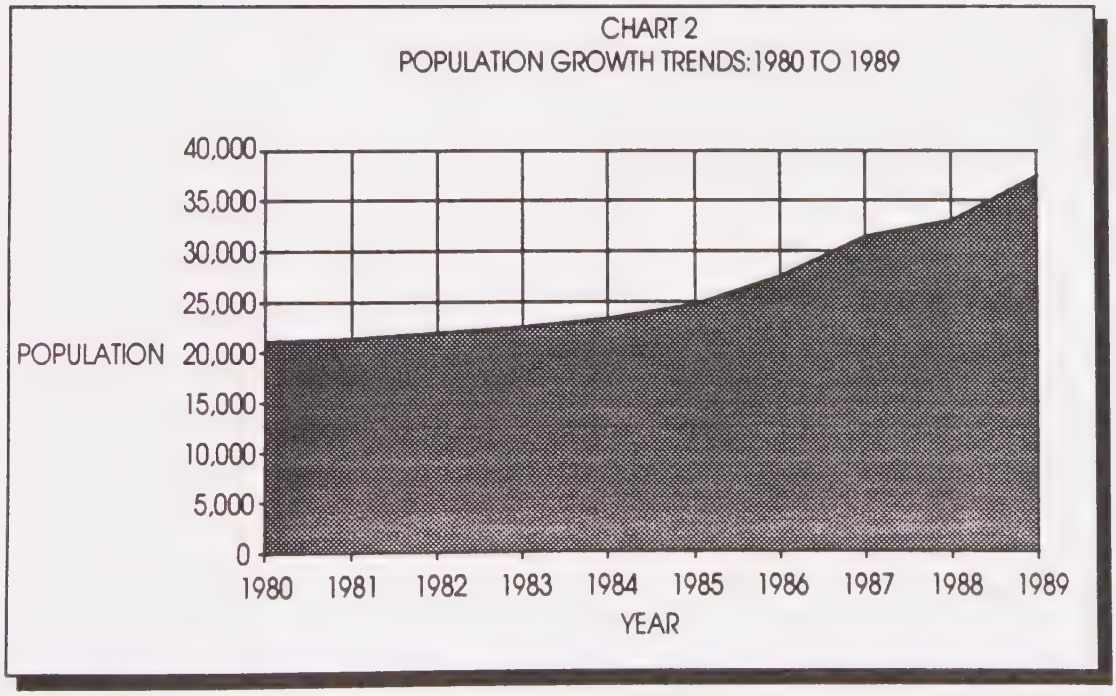
Population

Between April 1980 and January 1989, Colton's population increased from 21,310 to 37,705. Concurrently, the housing stock had a net increase of 5,761 dwelling units. Table 9 and Chart 2 summarize the data on population change since 1980.

TABLE 9
POPULATION TRENDS — 1980 TO 1988

Year	Population	Incremental Increase	Cumulative Increase
1980	21,310	— —	— —
1981	21,610	300	— —
1982	22,110	500	800
1983	22,621	511	1,311
1984	23,469	848	2,159
1985	24,851	1,382	3,541
1986	27,758	2,907	6,448
1987	31,656	3,898	10,346
1988	33,316	1,660	12,006
1989	37,705	4,389	16,395

Source: U.S. Census of Population and Housing, April 1980.
State Department of Finance, Population Research Unit, Annual Population Estimates for 1981 through 1989, (as of January 1 each year).



Employment Growth

Employment projections developed by SCAG forecast an increase of 8,875 jobs between 1984 and 2010 in Colton.* This amounts to an average of 341 jobs per year. The employment data are summarized below:

Year	Employment
1984	8,907
2010	17,782
Total Increase:	*8,875*
Annual Average Increase:	**341**

Jobs create a need for new housing in most communities. However, Colton is located in the Inland Empire, a housing rich sub-region. The new jobs will create employment opportunities for current residents.

* Southern California Association of Governments, Draft Baseline Projections, February 1987, page 9.

Share of Regional Housing Needs

Article 10.6 Requirements

According to the State housing element legislation, ". . . a locality's share of the regional housing needs includes that share of the housing needs of persons at all income levels within the area significantly affected by a jurisdiction's general plan". (Section 65584 (a)). That same section states: "Each locality's share shall be determined by the appropriate councils of government consistent with the criteria" set forth by the State D/HCD. In the case of Colton, the appropriate regional council is SCAG.

The projected or future housing needs must take into consideration the following factors:

1. Market demand for housing;
2. Employment opportunities;
3. Availability of suitable sites;
4. Availability of public facilities;
5. Commuting patterns;
6. Type and tenure of housing needs;
7. Housing needs of farm workers; and
8. Avoidance of further impact on jurisdictions with relatively high proportions of lower income households.

Table 10 and Chart 3 indicate the City's projected housing needs through mid-year 1994. The SCAG projections indicate a need for 2,129 market rate housing units during this period. In addition, the RHNA forecasts a need for 1,198 housing units for very low- and low-income households.

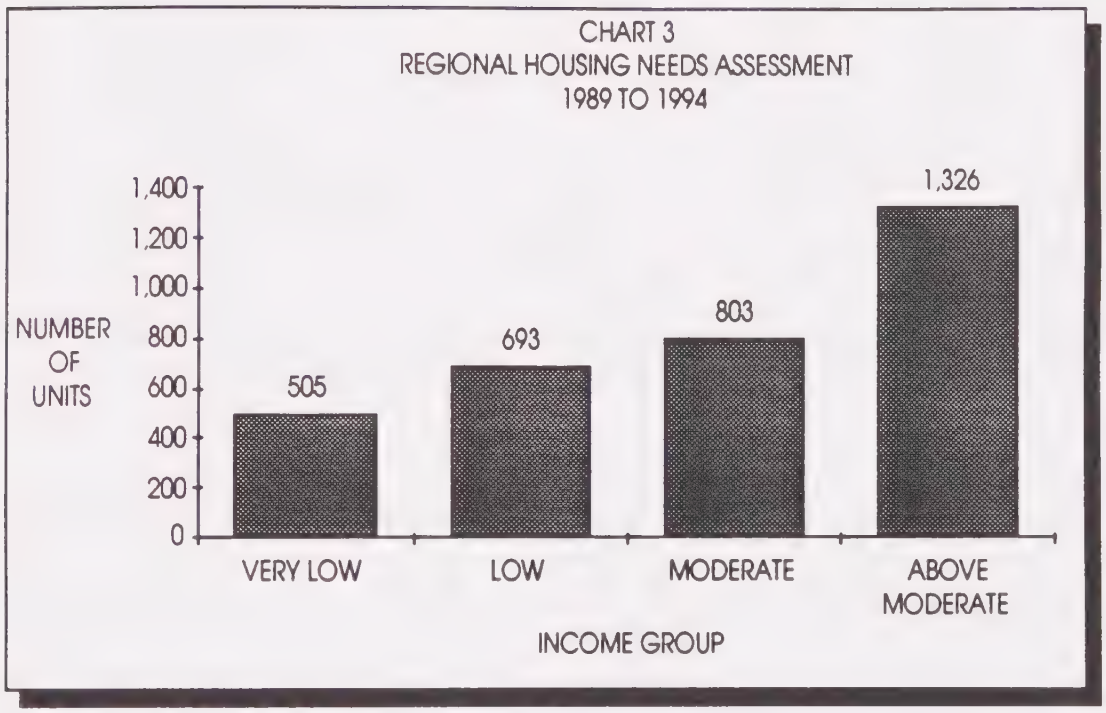


CHART 3
REGIONAL HOUSING NEEDS ASSESSMENT
1989 TO 1994
NUMBER OF UNITS
1,400
1,200
1,000
800
600
400
200
0
505
693
803
1,326
VERY LOW
LOW
MODERATE
ABOVE MODERATE
INCOME GROUP

TABLE 10
REGIONAL HOUSING NEEDS ASSESSMENT
1989 TO 1994

Income Level	Number of Housing Units	Percent
Very Low	505	15.2%
Low	693	20.8%
Moderate	803	24.1%
Above Moderate	1,326	39.9%
Total:	**3,327**	**100.0%**

Source: Southern California Association of Governments, 1988 Regional Housing Needs Assessment for Southern California, June 1988.

HOUSING NEEDS ASSESSMENT SUMMARY

Housing needs fall into one of three basic categories:

- Improvements to the housing stock.
- Financial assistance for households that are paying more than they can afford for housing.
- Production of new housing to meet the needs of a growing population and employment base.

There are an estimated 1,500 housing units that need rehabilitation and another 100 that are so severely deteriorated, they should be replaced with new housing. According to SCAG's 1988 RHNA, there are approximately 2,062 Colton resident lower income households paying 30% or more of their income on housing costs. This number equals 17% of the City's 1988 total resident households. With respect to new housing, there is a need for 3,327 dwellings.

III.
RESOURCES AND CONSTRAINTS ANALYSIS

INTRODUCTION

According to State law, the Housing Element must contain an analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels. In addition, an inventory of land suitable for residential development is a required informational item of local housing elements. Moreover, a community's housing element must contain an assessment of non-governmental constraints, including land costs, construction costs and financing availability (i.e., market factors).

Governmental Factors

The governmental factors included in the Colton scope of analysis are listed below:

1. Land Use Controls (e.g., Land Use Element, Zoning Code)
2. Building Codes and Enforcement
3. Off-Site Implements
4. Site Improvements
5. Infrastructure
6. Processing Permits and Fees
7. Inventory of Residential Land

The State law does not imply that the above factors are actually constraints in all cities. Article 10.6, however, does require a descriptive analysis of these factors to determine if any of them do act as constraints to the maintenance, improvement, or development of housing in a local community.

All local governments exercise controls to protect the public welfare. Land use controls, codes and enforcement, required improvements, fees and processing times can all affect the quality and cost of housing production. If an ordinance or policy contains excessive performance standards, it may be so restrictive as to operate as an unwarranted constraint. Local policies and ordinances must be reviewed periodically to ensure that they accomplish their intended purpose without constraining new development or housing improvements.

Land Use Controls

The General Plan establishes a policy framework for all development within the City. The Land Use Element designates areas and corresponding densities at which residential development is permitted. Four categories of residential land use are shown in the General Plan. Each of these categories proposes a range in the number of dwelling units permitted per acre. The aim is to achieve a balanced diversity of living environments within Colton, while encouraging a range of densities within each land use category. Land use categories are shown in Table 11.

TABLE 11
LAND USE CATEGORIES

Category	Density Range	Target Density *
Residential Estates	Up to 2 du/ac	2 du/ac
Low Density Residential	Up to 8 du/ac	4 du/ac
Medium Density Residential	Up to 16 du/ac	10 du/ac
High Density Residential	Up to 22 du/ac	15 du/ac

* The average number of units per gross acre expected to occur in most developments.

The Zoning Ordinance translates General Plan policies into standards and requirements. Within the various residential zones, development standards establish minimum lot area, building height, setbacks and parking requirements. The various residential zones and corresponding development standards are shown in Table 12.

Colton has three special zoning designations with variable development standards that permit residential uses. These are Planned Community, Multi-Use District and Specific Plan.

Building Codes and Enforcement

The City of Colton has adopted and implements the following codes (1985 editions):

The Uniform Code Standards
The Uniform Housing Code
The Uniform Sign Code

TABLE 12
RESIDENTIAL DEVELOPMENT STANDARDS

Zone	Minimum Lot Size	Floor * Area Ratio	Front Yard Setback	Side Yard Setbacks	Recreation Space	Parking
Residential Estates (RE)	20,000 S.F.	20 (%) * floor area divided by lot area	35'	Bounded by other lots: 10% of lot width for main building Bounded by an alley: 25' from opposite side of alley 5' for a corner lot, 10' for a reversed corner lot.	No Requirement	2 spaces per unit
Low Density (R1)	7,200 S.F.	25 (%)	25'	Same as RE	No Requirement	2 spaces per unit
Medium Density (R2)	7,200 S.F.	40 (%)	25'	Same as RE	1 square foot for every 5' of gross dwelling unit floor area.	2 spaces per unit. Where there are 6 or more units on a parcel, there must be an additional 1/2 space per unit.
High Density (R3)	7,200 S.F.	75 (%)	15'	Same as RE	Same as R2	Same as R2

Source: City of Colton Zoning Ordinance.

The Uniform Code for Abatement of Dangerous Buildings
The Uniform Administrative Code
The Uniform Mechanical Code

On-Site Improvements

All subdivisions must provide water and sewer laterals. In new developments, all utility lines and connections must be placed under ground. In older subdivisions with overhead lines, utilities must be placed along the rear lot line.

Infrastructure

Water, sewer and drainage infrastructure is good throughout most areas of the City. In order to extend development to vacant areas that are not equipped with water or sewer lines, the developer must provide the necessary infrastructure prior to project implementation.

There are presently no areas of sewer surcharge in the City. Within the next five years, the sewer plant capacity will be increased by 1,000,000 gallons per day.

A new 3,000,000 gallon reservoir is being constructed in the Reche Canyon area to accommodate planned development.

Properties along the Santa Ana River channel and the Reche Canyon channel are subject to flooding. Any proposed development in these areas must comply with the requirements of the Federal Emergency Management Agency (FEMA).

Processing Permits and Fees

All potential applicants are encouraged to meet with planning staff before submitting a formal application. Preliminary meetings can resolve potential problems early in the process and result in expedited staff review and public hearings.

Applications are accepted by staff during regular working hours. When the project requires more than one discretionary action, all applications are submitted together for consideration by the Planning Commission and the City Council. Projects in Colton are processed in a timely manner. Design review has been incorporated into the planning process at an administrative level corresponding with building plan check or preliminary meetings. Typical processing times for planning applications are shown in Table 13.

TABLE 13
PROCESSING TIMES FOR PLANNING APPLICATIONS

General Plan Amendment	3 months
Zone Change	3 months
Conditional Use Permit	6 to 8 weeks
Variance	4 weeks
Tentative Tract Map	2 months

A schedule of fees for typical planning applications is shown in Table 14. Also shown are fees for communities in the surrounding area. As seen in Table 14, fees in Colton are low compared to other nearby jurisdictions. The City's permit processing fees and procedures do not represent a constraint to development.

TABLE 14
SCHEDULE OF RESIDENTIAL PLANNING FEES

Type of Application	City of Redlands	City of San Bernardino	City of Rialto	City of Grand Terrace	Colton
General Plan Amendment	$1,900.00 + $20/acre	No fee estab. until Dec. 1989	$980.00	$1,250.00	$1,250.00
Zone Change	$2,000 + $20/acre	$745.00	$780.00 + $10/acre (not to exceed $885.00)	$1,000.00	$800.00 + $10.00 per ac.
Conditional Use Permit	Major Application $1,760.00 + $20/ac. Minor application $880.00	$1,060.00	$720.00 + $10.00 /acre (not to exceed $890.00)		$1,770.00+ $15/ lot
Variance	(Individual) $600.00 (Non-Individual) $1,200.00	$480.00	Public Hearing Required $400.00 No Public Hearing required $135.00		Minor: $75 Major: $550
Tentative Tract Map	$3,000.00	$400.00 + $40.00 per lot	$430.00 + $10/lot		$550 $30/lot Under 20 lots: $1,000.00 $30.00 per lot or unit over 20

The City of Colton, as many other jurisdictions in the post-Proposition 13 era, has sought to recover local planning, public improvement and processing costs. This has been sought by employing a fee structure for new developments and improvements which offsets the cost of constructing various public facilities and providing services. Therefore, instead of households paying for a desired level of community services through increased property taxes such costs are passed on through development fees. As a result the cost of providing additional capital facilities needed for community services is reflected in the purchase price or rental rate of newly constructed units. Table 15 lists out various development fees associated with the construction of a 50 unit single family residential housing project in the City as of January 1989.

Inventory of Sites

Vacant land resources in the City and surrounding planning area are significant. A total of 4,252 acres remain undeveloped within the City limits and an additional 1,020 acres remain undeveloped within the sphere of influence. A number of environmental, governmental and social factors effect the ultimate residential potential for such properties. The following discussion provides an evaluation of three factors.

TABLE 15
CITY OF COLTON
DEVELOPMENT FEE EVALUATION

	Cost for Project
Project Review/Approval Fees	
Environmental Assessment	$250
Tentative Tract Map	2,500
	$1,475
Plan Check Fees	
Engineering Final Tract	$1,550
Building Plan Check (2 models)	773
Public Improvement Plan Check	(see next page)
	$
Permit Fees	
Building Permits	$29,725
Public Improvement Permits	(see next page)
Electrical Service Permits (est.)	6,000
	$
Impact and Connection Fees	
Sewer Connection Fees	$140,000
Park Impact Fees	18,750
School Impact Fees	91,200
	$

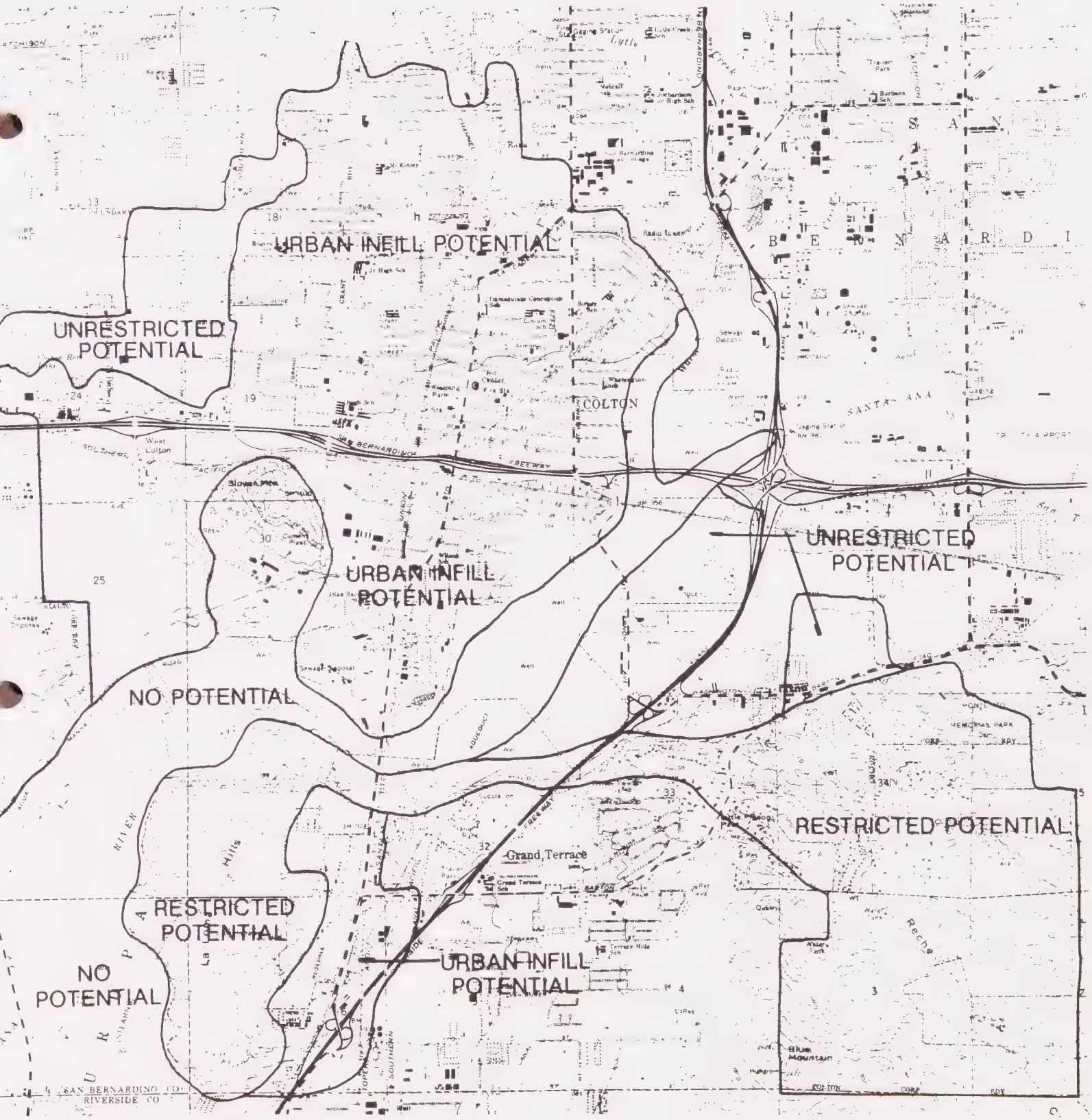
Source: City of Colton, January 1986

Note: Cost estimates based on a 50 unit subdivision encompassing 8.6 acres, roughly 6,225 square feet per lot, 1,200 square foot homes (2-styles), per unit construction value of $52,920, per unit land value of $27,410 and $250,000 worth of public improvements.

Environmental Suitability of Sites

The Colton area is significantly affected by a variety of environmental hazards such as low lying areas subject to flooding, hills subject to landslides, areas subject to seasonal fire hazards and an active fault which brushes the City's eastern border. Along the Santa Ana River basin about 1,200 acres would pose a severe human health hazard from flooding if developed. An additional 1,850 acres pose significant fire and landslide hazards in the La Loma Hills and Reche Canyon areas. However, about one-half or 925 acres of these hillside locations could be developed upon at restricted densities due to excessive slopes and access restrictions. The entire City would be subject to severe ground shaking from a major earthquake along the San Jacinto and San Andreas Faults. However, building design and construction measures have helped to ensure a reasonable level of safety for buildings not built directly on a fault line.

In light of these environmental constraints the City has been evaluated with respect to residential development potential regardless of established government constraints, such as zoning, which may exist. Exhibit 2 identifies City locations with no development potential due to environmental hazards, restricted development potential, urban infill potential and rural or developing areas with development potential unrestricted by environmental hazards.



Residential Development Potential
COLTON HOUSING ELEMENT

EXHIBIT 2

Inventory of Vacant Residential Sites

Vacant land within the City has been surveyed and classified according to the existing zoning designation for such uses. Table 16 illustrates the total acreage and unit potential under current zoning and in consideration of environmental constraints previously identified. As shown, there is a considerable amount of residential housing potential under current zoning, nearly equal to the existing housing stock.

Public services, such as utilities, fire access, etc., are readily available to many vacant areas presently zoned for residential growth. Areas requiring the most significant improvements for electrical, gas, water and related services include:

- R-E Zone in the Reche Canyon Area
  825 acres
- R-1 and R-E Zones in the La Loma Hills Area
  380 acres

On 1,691 developable vacant acres there is a potential for the development of 7,458 housing units. This housing unit potential is more than twice the City's share of regional housing need. A brief summary of need (Table 10) and supply (Table 16) is provided below:

Income Group	Need	Supply
Very Low	505	2,790 housing units
Low	693	@ 15 dus/ac
Moderate	803	3,094 housing units @ 4 to 10 dus/ac
Above Moderate	1,326	1,584 housing units @ 2 to 4 dus/ac

From a zoning standpoint, the statistics cited above demonstrate their is sufficient land to accommodate a full-range of housing needs. This potential is not constrained by the City's General Plan "target densities" which are summarized in Table 11. Those "target densities" are in fact the average densities denoted in Table 16 and the City's housing unit potential is derived from these densities.

TABLE 16
CITY OF COLTON
VACANT LAND ULTIMATE UNIT POTENTIAL
UNDER EXISTING ZONING

Zone	Average Density	Acres Zoned	Acres Vacant	Environmental Constraints	Develop-able Acreage	Potential Housing Units
R-E	2 du/ac	1,494	831	425 acres not developable due to extreme slopes	406	812
R-1	4 du/ac	1,741	1,037	381 acres subject to restricted density due to hazards	381a 676	762a 2,704
R1-PC	9 du/ac	230	30	No restrictions	30	270
R-2	10 du/ac	186	12	No restrictions	12	120
R-3	15 du/ac	389	186	No restrictions	186	2,790
PCD (Res.)	25 du/ac	319	-0-	More acreage may be developed for housing than originally planned	——	——
TOTAL:		**4,359**	**2,096**	**Majority of constraints occur in the Reche Canyon, La Loma Hills areas**	**1,691**	**7,458**

Reference Data: 1989 City Population 37,700
1989 City Housing Stock 7,973

Source: Community Systems Associates, Inc. — field surveys October, 1985
State Department of Finance — estimates
City of Colton — permit records

Note: a = Restricted density in R-1 Zone equal to 2 du/ac.

Other undeveloped areas in which projects could tie-in to or upgrade existing mains, primary service lines, streets and related improvements includes:

- R-1 Zone in the northwest section 365 acres
- R-E Zone in the northwest section 33 acres

All other undeveloped lands are primarily infill parcels of varying sizes which could tie-in to the existing infrastructure systems.

Redevelopment Potential of Sites

The City of Colton and Redevelopment Agency have directed the focus of land intensification and recycling efforts in non-residential areas such as the downtown commercial district and Santa Ana River Industrial Project. However, in accordance with California Redevelopment Law, 20 percent of all tax increment revenue received is being directed to very low, low, and moderate-income housing efforts throughout the City. Presently a downtown site is being pursued to develop a 100-unit senior citizen housing project targeted to very low-income households.

Summary

As indicated in the inventory of vacant sites, the City has sufficient land zoned to accommodate a range of housing needs. The targeted densities were used to compute the housing unit potential and have not otherwise reduced production capacity.

NON-GOVERNMENTAL CONSTRAINTS

Non-governmental constraints to housing development in Colton include land costs, construction costs and financing costs.

Land Costs

The cost of land in the most significant components of overall housing costs in Southern California. High land costs in Orange and Los Angeles Counties stimulated increased development in the Inland Empire. Relatively inexpensive land costs made housing more affordable. As the demand for housing increases, the cost of land also increases. Land cost varies according to lot size, location, status of development and cost of needed improvements. A considerable amount of vacant land is available which helps to keep the cost of raw land for new development relatively inexpensive. However, public services to many hillside areas is lacking or inadequate which will raise land costs for development considerably.

Due to heavy building activity in past years, little high density land remains. Since 1987, residential development has been primarily single family units. Vacant R-1 land costs approximately $50,000 per acre and R-E land costs approximately $35,000 per acre. Land for multiple family residential development, when available, costs approximately $100,000 per acre.

Construction Costs

Construction cost is a factor of current material pricing and labor costs. In Colton, average construction cost for a single family residence is $35 a square foot. Construction cost for multiple family residential is approximately the same as for single family residential. A new entry level home of about 1,500 square feet sells in the price range of $105,000. A new move-up residence sells in the price range of $150,000 to $160,000.

Cost of Financing

Financing costs can have a significant impact on the affordability of housing. Interest rates for housing mortgages escalated to almost 18 percent during the early 1980's. Conventional fixed rate loans (30 years with 20% down) for single family residences are currently offered at 10.25%. Points and closing costs add approximately two percent to the principal balance of the loan.

The cost of construction financing is also a significant factor in determining the cost of new housing. Interest rates for residential construction loans are currently 12.5 to 13 percent. Housing in the Inland Empire is still considered reasonable compared to Orange and Los Angeles Counties. Median sales prices for single family resale homes in San Bernardino County, as indicated by the Board of Realtors, are as follows:

- 1986 — $76,670
- 1987 — $82,051
- 1988 — $89,755
- 1989 — $100,402 (second quarter through June)
- 1989 — $119,900 (September only)

Availability of Financing

According to the State Department of Housing and Community Development, the analysis of the availability of financing should consider whether financing is generally available, whether interest rates are significantly different from surrounding areas, and whether there are under-served areas or income groups in the community for new construction or rehabilitation loans. The D/HCD indicates knowledge of this will assist the community to select and implement responsive housing programs such as mortgage revenue bonding, a mortgage credit certificate program, and targeted low-interest rehabilitation loans.

Contact was made with lending institutions to request information available from Home Mortgage Disclosure Act (HMDA) and Community Reinvestment Act (CRA). This information is currently unavailable from these institutions for inclusion in the Draft Housing Element. The information will be obtained and included in the final Housing Element.

In the past few months, the cost of financing has been gradually increasing. A survey of 13 lending institutions revealed that 30-year, conforming loans had annual percentage rates between 10.765% to 10.924% with points ranging between 1.25% and 2%. The conforming loans adhere to national guidelines established by Fanny Mae and Freddie Mac, who purchase the loans on the secondary market. Jumbo loans are those above the maximum conforming loans and reflect each lender's own guidelines. The APR on jumbo loans ranged from 11.039% to 11.548%. The points ranged from 1.5% to 2% for the 13 institutions included in the survey.

Rental Housing Costs

Table 17, on the following page, reports on the apartment rent distribution as of August 1989. About one-half of the entire stock surveyed had monthly rents of $500 to $549. As shown in Table 18, a very low income family of 4 persons can afford a monthly rent of $402. All of the apartment units included in the survey had monthly rents greater than $400. A low income family of 4 persons can afford a monthly rent of $644. Almost all of the stock surveyed is generally within the economic means of low income households.

TABLE 17
CITY OF COLTON
APARTMENT RENT DISTRIBUTION — AUGUST 1989

Monthly Rent	Studio	1-Bdrm.	2-Bdrm.	3-Bdrm.	Total	Percent Distribution
$400 to $450	-0-	176	-0-	-0-	176	8.6%
$450 to $499	-0-	227	-0-	-0-	227	11.2%
$500 to $549	120	507	363	-0-	990	48.7%
$550 to $599	-0-	-0-	262	-0-	262	12.9%
$600 +	-0-	-0-	260	119	379	18.6%
Total:	**120**	**910**	**885**	**119**	**2,034**	**100.0%**

Source: August 1989 Apartment Survey by Castañeda & Associates.

The monthly rents for the mobile home parks included in the survey are:

- 27 at $140 per month
- 103 at $185 per month
- 217 at $255 per month
- 259 at $285 per month
- Average at $251 per month

A comparison of these rents to the listed affordable costs found on Tables 18 and 19 reveals that mobile home parks have the City's most affordable housing. As indicated by the State Housing Element Law, the conservation of the existing affordable housing stock is a very important consideration of the local planning process.

TABLE 18
CITY OF COLTON
VERY LOW INCOME — AFFORDABLE HOUSING COSTS: 1989

Household Size	Very Low Income	Affordable Housing Costs Rental	Ownership
1	11,250	281	28,125
2	12,900	322	32,250
3	14,500	362	36,250
4	16,100	402	40,250
5	17,400	435	43,500
6	18,700	467	46,750
7	19,950	499	49,875
8	21,250	531	53,125

TABLE 19
CITY OF COLTON
LOW INCOME — AFFORDABLE HOUSING COSTS — 1989

Household Size	Low Income Limits	Affordable Housing Costs Rental	Ownership
1	18,050	451	45,125
2	20,600	515	51,500
3	23,150	578	58,875
4	25,750	644	64,375
5	27,350	684	68,375
6	28,950	724	72,375
7	30,600	765	76,500
8	32,200	805	80,500

Source: U.S. Department of Housing and Urban Development, Los Angeles Area Office, Region IX, "Revised Income Limits for Public Housing and Section 8 Programs and Median Family Incomes for Fiscal Year 1989," February 1989.

Energy Conservation

Energy consumption impacts housing in several ways. In addition to energy requirements related to uses in the home, energy used to travel from home to work, to construct housing, and to support housing services, such as water and electricity reveal a close relation between energy consumption and housing.

In the 1970's standards for energy conservation had been adopted by the State. Since that time, Title 24 of the State Code, which deals directly with energy conservation, has been revised and updated on a continuing basis to require greater energy efficiency in the construction of new housing. State laws have provided several alternatives which will satisfy energy efficiency requirements: namely passive solar designs, insulation standards, or active solar devices.

Several incentives exist at both the state and federal level to encourage energy conservation:

- Income tax credits;
- Low-cost loans;
- Grants; and
- Energy audits.

However, the major considerations involve cost. One, the cost of many energy saving devices are prohibitive to most households (especially low income). Two, the cost of the energy saving devices must provide a cost savings overtime: the reduction in energy costs must offset the cost of the improvements. In simple terms the increased cost of constructing energy efficient housing directly affects the housing affordability.

Communities have dealt with these issues in many ways. In some instances Building Codes have been upgraded, solar energy devices have been required and insulation standards have been upgraded. In a few instances, building orientation set back and height requirements have been set as passive measures to increase energy efficiency. The City of Colton has actively employed the Title 24 requirements set by the State and enforces compliance by requiring certified energy calculations for building designs and conducting on-site inspections of energy devices and improvements needed.

RESOURCES AND CONSTRAINTS SUMMARY

A variety of potential resources and constraints have been reviewed and summarized. There is sufficient land to accommodate projected housing needs and the City's land use controls provide for a variety of housing types. The City's permit processing fees and procedures do not represent a development constraint.

A considerable amount of vacant land is available which helps to keep the cost of raw land for new development relatively inexpensive. Public services, however, to many hillside areas is lacking or inadequate which could raise overall land costs. The cost and availability of land is comparable to other Inland Empire communities.

With regard to housing within the economic means of very low and low income households, there is a lack of sufficient funding for State and Federal Subsidy programs. Consequently, the City must compete with other cities or rely on local resources.

IV.
PROGRESS REPORT

INTRODUCTION

Section 65588 (a) provides that each local government shall review its housing element as frequently as appropriate to evaluate the following:

(1) The appropriateness of the housing goals, objectives, and policies in contributing to the attainment of the state housing goal.

(2) The effectiveness of the housing element in attainment of the community's housing goals and objectives.

(3) The progress of the city, county, or city and county, in implementation of the housing element.

Such an evaluation would focus on the following:

(a) "Effectiveness of the element" (Section 65588 (a) (2)): A comparison of the actual results of the earlier element with its goals, objectives, policies and programs. The results should be quantified where possible (e.g., rehabilitation results), but may be qualitative where necessary (e.g., mitigation of government constraints).

(b) "Progress in implementation" (Section 65583 (a) (3)): An analysis of the significant differences between what was projected or planned in the earlier element and what was achieved.

(c) "Appropriateness of goals, objectives and policies" (Section 65588 (a) (1)): A description of how the goals, objectives, policies and programs of the updated element incorporate what has been learned from the results of the prior element.

ELEMENT EFFECTIVENESS/RESULTS

The 1985 General Plan adopted the following quantified objectives for the time period between 1983 and 1989.

Objective

Realize the construction of at least 3,383 housing units in Colton during the six year period between 1983 and 1989. Status: implemented.

Objective

Realize 13 additional lower income housing rehabilitation loans in south-central Colton by 1986 utilizing the remaining balance of 1984 state awarded CDBG funds. Status: partially implemented.

Objective

Increase the supply of housing units above the 1983 housing need by the following percentages during the six year period between 1983 and 1989:

Very Low	21.2%
Low	21.3%
Moderate	21.5%
Upper	22.2%
All Households	38.7%

Status: Implemented

Objective

Continue City support and participation in the County Office of Community Development housing programs involving CDBG rehabilitation grants and loans, Section 312 rehabilitation loans, rental rehabilitation loans and newly created programs through timely review of improvements and client referrals. Realize an average of 20 rehabilitation projects a year through the County Office of Community Development.

Status: Partially implemented. The Rental Rehabilitation Loan Program has not awarded any loans since 1985 due to lack of funding.

PROGRESS IN IMPLEMENTATION

The programs of the 1985 Housing Element and their levels of achievement are presented in this section.

Expansion of Rental Housing

It was anticipated that the majority of future lower income housing opportunities would be in the form of rental housing. This trend was assumed due to increasing market constraints and diminished governmental assistance available to provide new ownership housing affordable to lower income households. Between 1984 and 1989 it was projected that the greatest proportion of units constructed would be multi-family rental units, including 1,900 units constructed in a two year period between 1984 and 1985. However, apartment construction declined sharply after 1987 due to a lack of land developable at high density.

Factory Built and Mobile Homes

All single-family parcels in the R-1 zone were deemed appropriate for factory built mobile homes constructed after September 15, 1971 and approved by the California Department of Housing and Community Development or constructed after July 1976, and approved by the U.S. Department of Housing and Urban Development. All such units located on single-family parcels are subject to the same standards as conventional type V constructed units. The City also approved the construction of a 52 acre mobile home park in 1983.

Mixed-Land Use District

The City of Colton designated a 97 acre mixed-use area where existing commercial and residential uses can co-exist with only aesthetic upgrades and where new significantly scaled projects are being encouraged. A floating zone is utilized which permits increasing residential densities based on site size. Establishing this land use policy and corresponding zoning regulations helps to preserve existing low-cost housing and promote lower cost housing via increasing density incentives.

Provisions for Special Low and Moderate Income Households

Senior Citizens

The Colton Redevelopment Agency directed 20 percent of the tax increment revenues generated from the Santa Ana River Redevelopment Project to begin development of a 100-unit lower-income senior citizens complex. The project is to be constructed within the central downtown area and will provide convenient pedestrian and public transit access to many community amenities. A site has been acquired through eminent domain and an architect has been selected. At present, preliminary designs are being reviewed by the City.

Handicapped

All new multiple residential structures in the City of Colton are required to be accessible to the handicapped as provided in the 1985 edition of the Uniform Building Code. The City enforces these provisions through plan review by the Building Department. This will help increase the supply of residential units accessible to the handicapped through new construction.

Encouragement of Rental Housing

The City General Plan and corresponding zoning regulations set density and improvement standards which are highly favorable to multi-family rental construction. The City Planning staff intends to continue favorable review of aesthetically designed projects in order to encourage future rents affordable to low and moderate income households.

City and Agency Housing Revenue Bond Issues

The City and local Redevelopment Agency have actively encouraged developer participation in bond issues providing for the construction of ownership and rental units affordable to low and moderate income households. From 1983 to 1985, 743 moderate-income and 156 low income units have been constructed with local housing revenue bond issues. In 1987, Colton passed a resolution approving the issue of Rancho Cucamonga - Palmdale - Porterville - Colton Housing Finance Agency mortgage revenue bonds for the construction

of single family housing. Ten million dollars will be allocated from these bonds to Colton for the construction of affordable single family homes.

Planned Community Development District

To provide greater flexibility to the City and developers in providing a clean, attractive and affordable living environment, approximately 397 net acres were designated under a Planned Community Development (PCD) Zone. Innovative site design measures and moderately flexible development standards have aided the City to induce 53 acres of multi-family residential developments since 1980, providing low and moderate income housing.

City Administered CDBG Program

The City was awarded $300,000 in 1984 to provide rehabilitation loans to very-low and low income owner-occupied units in the south central section of Colton. Ten percent of this funding could be used for rehabilitation loans to lower income senior citizens in the north section of town. Planning staff awarded 18 loans, utilizing the total CDBG allocation.

Revision of General Plan

The City considered revising the General Plan to redesignate central portions of Colton from a proposed density of 16 du/ac to 8 du/ac in older single family neighborhoods. This action was not implemented.

Areawide Housing Rehabilitation Efforts

The City of Colton is a cooperative City under the County Office of Community Development housing rehabilitation program. The COCD has maintained a variety of rehabilitation programs utilizing CDBG funds and targeted HUD funds. An average of 24 rehabilitation grants a year have been made to lower income seniors in Colton since 1979 with approximately ten (10) rehabilitation loans under CDBG. Prior to 1985 the Section 312 HUD rehabilitation loans activity made up a significant portion of the COCD loan program. In light of anticipated CDBG and HUD funding cuts, the Rental Rehabilitation Loan Program, was projected to be the primary COCD rehabilitation vehicle and as active as the previous

Section 312 program. Colton loan activity in previous years averaged 8 to 10 loans per year under the Section 312 program, and was anticipated to continue under the rental rehabilitation program. However, no loans have been generated from this program since 1985 due to unavailability of funds.

Departmental Review of Owner Initiated Rehabilitation

The City will actively support individual owner occupied rehabilitation efforts. In effect, Planning and Building staff will work with individuals attempting to upgrade and improve their residence by requiring conventional safety and building upgrade only to proposed improvements or conditions posing a dangerous safety threat. The City recognizes the concerns of residents to upgrade their home and neighborhood. Full application of all codes and standards to the entire structure serves only to frustrate, discourage and make any attempt at housing rehabilitation beyond the means of low and moderate income households.

Appropriateness of Goals and Policies

The City's current Housing Element was adopted in 1985. The policies remain appropriate for the City and are all suggested to be retained.

The City of Colton seeks a level of housing improvement and design that is sufficient enough to satisfy the needs of project residents and the surrounding neighborhood and promote the communities aesthetic integrity over the long run.

The City of Colton recognizes the need to promote housing which is affordable and will encourage the use of design, construction and financing alternatives to make comparable housing types more affordable to prospective residents.

V.
GOALS, POLICIES AND QUANTIFIED OBJECTIVES

INTRODUCTION

Section 65583 (b) of the Government Code requires:

> *"A statement of the community's goals, quantified objectives, and policies relative to the maintenance, improvement, and development of housing."*

The following definitions, developed by the State D/HCD, provide guidance on the meanings of these terms:

> *"Goals are general statements of purpose. Housing element goals will indicate the general direction that the jurisdiction intends to take with respect to its housing problems. While reflecting local community values, the goals should be consistent with the legislative findings (Section 65580) and legislative intent (Section 65581) of Article 10.6 and other expressions of state housing goals contained in the housing element law. Goals may extend beyond the time frame of a given housing element.*
>
> *Policies provide a link between housing goals and programs; they guide and shape actions taken to meet housing objectives.*
>
> *Quantified objectives are the maximum actual numbers of housing units that the jurisdiction projects can be constructed, rehabilitated, and conserved over a five-year time frame. In order to more realistically plan for the implementation of housing programs, it is useful for localities to establish objectives for each housing program which will be implemented during the time frame of the element. Objectives may therefore be short-term in outlook compared to community's goals."*[*]

[*] State Department of Housing and Community Development, Questions and Answers Report, (June 1987) p. 10.

GOALS AND POLICIES

Goal

- Maximize the effectiveness of various federal, state, county and local agencies involved with the creation of lower-income housing opportunities.

Policy

- The City of Colton seeks to maintain an open and cooperative relationship with responsible housing agencies serving the Colton community.
- The City of Colton will work to maximize program efficiency of all agencies addressing housing need in the Colton community.
- The City of Colton seeks financial assistance from the federal and state governments as the primary vehicle to achieve low and very low income housing needs.

Goal

- Upgrade and conserve the existing housing stock as a source of low and moderate cost housing for Colton residents and as integral part of the community character.

Policy

- The City of Colton recognizes the significant role existing housing units will play in preserving and providing low and moderate cost housing.
- The City supports the conservation of existing housing units as a primary source of low and moderate cost housing to meet the need of future lower income residents.

Goal

- Promote and encourage private industry as the primary and central source for housing production and rehabilitation.

Policy

- The City of Colton recognizes the private enterprise market as an overwhelming determinate of housing production levels, housing types and mix, and the areas where development will take place.
- The City seeks to provide incentives for private enterprise as an encouragement to produce housing units within the Colton community.

- The City encourages individual rehabilitation efforts which serve to maintain the existing housing stock in a healthy, safe and aesthetically pleasing condition.

Goal

- Support efforts to eliminate housing discrimination regardless of race, color, religion, national origin, age, sex or family status and to assure equal opportunity for housing to all individuals.

Policy

- The City of Colton will set realistic housing need projections for its resident population, especially for low income, elderly, handicapped and large families and persons displaced by public or private action.

- The City of Colton protests the use of discriminatory actions by any financial lending institution, housing developer, landlord, management firm, public official or private individual against any persons, groups or individual seeking housing within the community. The City will actively support affirmative action agencies providing information to the public regarding housing opportunities and acting to reach an equitable solution between landlords and tenants.

Goal

- Encourage citizen participation in the planning and programming of housing policy and public improvements.

Policy

- The City of Colton recognizes the need to encourage future housing growth that is consistent with regional housing objectives of the Southern California Association of Governments, State Housing Plan and Federal Housing Policy.

- The City is committed to localized efforts which are consistent with Colton's General Plan and Elements and encourages the participation of local residents in the formulation of policies and the review of subsequent projects.

- Continue to exercise housing revenue bond issues providing lower cost financing as a developer inducement to create moderate income housing for at least 20 percent of all constructed ownership units and lower income housing opportunities for 20 percent of all constructed rental units.

- Continue to seek federal, state or redevelopment agency funding sources which can be directly administered by the City to provide "low" or "no" interest rate financing on residential rehabilitation projects.

- Continually review and update City policy, to ensure that the General Plan land use mixture of residential acreages and densities is desirable and adequate to provide a full spectrum of housing opportunities which are competitive in the marketplace.

- Assist the Redevelopment Agency with site design, plan review and permit processing for a 100-unit low-income senior citizens complex financed with a 20 percent set-aside allocation of tax increment revenues generated through 1989.

- Encourage public participation in the form of advertised community level workshops to provide input, discussion and formulation of policy related to housing and other General Plan elements.

- Upon request, assist in the formation of neighborhood associations interested in promoting neighborhood improvement and maintenance.

- Continue to develop public information programs, designed to encourage the maintenance and preservation of existing housing stock, including information relating to energy conservation, fire prevention and burglary prevention.

- Continue to implement an information and referral system to keep individual residents and developers aware of available government housing assistance, subsidy programs and market information.

QUANTIFIED OBJECTIVES

Quantified objectives, or numerical targets, to be achieved during the five-year program period must be set forth in the Housing Element. The Housing Element law states:

> "It is recognized that the total housing needs identified pursuant to subdivision (a) may exceed available resources and the community's ability to satisfy this need within the content of the general plan requirements outlined in Article 10.5 (commencing with Section 65300). Under these circumstances, the quantified objectives need not be identical to the total housing needs. The quantified objectives shall establish a maximum number of housing unis by income category that can be constructed, rehabilitated, and conserved over a five-year time period." (Article 10.6, Section 65583 (b)(2))

Construction Quantified Objectives

The quantified total new construction objective is 3,500 housing units during the 1989-1994 program period. By income group, the quantified objectives are:

	Number	Percent
• Very Low	220	6.3%
• Low	529	15.1%
• Moderate	1,046	29.9%
• Above Moderate	1,705	48.7%
	3,500	**100.0%**

The City's projected need for affordable housing is almost 1,200 dwellings. The quantified objective for 774 affordable housing units in the next five-years is listed below:

- 99 units of single-family housing at affordable costs ($86,436 to $127,171;
- 25 units per implementation of the second unit program;
- 100 units of low-income seniors housing (20% set-aside);
- 80 units of manufactured housing;
- 50 units through implementation of the density bonus program;
- 50 units with reduced costs per the "regulatory concessions and incentives program";
- 350 apartments to be built at an affordable cost; and
- 20 units by implementation of the inclusionary housing program.

Thus, 774 affordable housing units are projected to be built between 1989-1994.

The balance of the new construction objective, 2,751 housing units, has been distributed between the moderate and above-moderate income groups in the same proportion as need — 38% and 62% (refer to Table 10, p. II-19).

Rehabilitation Quantified Objective

The total rehabilitation objective is 100 housing units. The distribution by income group is shown below:

•	Very Low	64
•	Low	36
		100

The allocation is based on each income group's proportion of the total need — 64% and 36% (as estimated by Table 6, p. II-5). The quantified objective is limited to the lower income group because the major financial resource available to facilitate rehabilitation is CDBG funds which targets benefits to households with 80% or below the median income.

Conservation

The conservation objective is 630 housing units and includes the following:

- All dwellings located in mobile home parks.
- Households assisted by the Section 8 program.
- Recently completed affordable housing developments.

All of these households would be in the lower-income category. It is assumed that the majority would have lower incomes due to income restrictions on the Section 8 units and the new affordable housing developments. The income quantified objectives listed below are based on the total current need experienced by lower income households (see Table 6, p. II-5).

•	Very low	403
•	Low	227

VI.
HOUSING PROGRAM

INTRODUCTION

According to Section 65583(c), a local housing element must include a program as defined below:

"(c) A program which sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element through the administration of land use and development controls, provision of regulatory concessions and incentives, and the utilization of appropriate federal and state financing and subsidy programs when available. In order to make adequate provision for the housing needs of all economic segments of the community, the program shall do all of the following:

(1) Identify adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels, including rental housing, factory-built housing, mobile homes, emergency shelters and transitional housing in order to meet the community's housing goals as identified in subdivision (b).

(2) Assist in the development of adequate housing to meet the needs of low- and moderate-income households.

(3) Address and, where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing.

(4) Conserve and improve the condition of the existing affordable housing stock.

(5) Promote housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, or color."

The chart on the following pages is the 5-Year Housing Program for Colton and is organized as follows:

- Program Category
- Program Descriptions
- Agency Responsible
- Funding
- Schedule

CHART 4
CITY OF COLTON: 5-YEAR HOUSING PROGRAM

Category	Description	Agency Responsible	Funding Sources	Time Schedule
Housing Condition:				
• Code Enforcement	Refer to p. III-4	Director of Com. Dev.	General Fund	On-going 16 notices per mo.
• Rehabilitation	Refer to p IV-5	Community Development Department Redevelopment Agency County Office of Com. Dev. U.S. Housing & Urban Dev. Dept.	CDBG General Fund 20% Set-Aside Funds	On-going HAP goals updated every 3 yrs.
• Mobile Home Rent Stabilization	Ordinance adopted to protect mobile home owners from unreasonable rent increases, while recognizing the need of mobile home park owners to receive a just and reasonable return on their investments.	Community Development Department	Registration Fees for mobile home parks	On-Going
Housing Assistance:				
• Section 8	Rental Assistance to very low income households.	U.S. Dept. of Housing & Urban Dev. County Housing Authority City of Colton	HUD rental assistance	On-going
• Revenue Bonds	Mortgage revenue bonds to facilitate constructionof affordable single family homes	Multi-jurisdictional housing finance agency	$10 million in revenue bonds allocated to Colton	Implementation within 2 years

Category	Description	Agency Responsible	Funding Sources	Time Schedule
• 20% Set-Aside	Use of affordable housing fund to construct a 100-unit senior citizen complex; site already acquired	Redevelopment Agency	Affordable Housing Fund	Completion within 18 months
Housing Production:				
• Land Use Plans	Refer to pages III-3 and Table 16	Community Dev. Department	General Fund	On-going
• Land Use Controls	Refer to Page III-2 and III-3	Community Dev. Department	General Fund	On-going
• Production Incentives	Mixed land use district. Planned community dev. district	Community Dev. Department	General Fund	On-going
Equal Housing Opportunity:				
• CDBG Certifications	Compliance with Federal laws regarding equal housing opportunity.	U.S. Dept. of Housing & Urban Dev. City of Colton	General Fund	On-going; updated every three years
• Information/Referral	Refer to p. V-2	Community Development Dept.	General Fund	On-going
• New Horizons	Participate in Countywide Program	County of San Bernardino City of Colton	CDBG General Fund	On-going

CHART 5
CITY OF COLTON: 5-YEAR HOUSING PROGRAM
IMPLEMENTATION ACTIONS AND TIME OBJECTIVES

HOUSING PROGRAM	IMPLEMENTATION ACTIONS	TIME OBJECTIVES
1. Code Enforcement	The specific implementation actions of the City to achieve this program are described on pages III-4 and III-5.	Monthly the City issues an average of 16 correction notices. The program will be implemented throughout the 5-year housing program period.
2. Rehabilitation	The City cooperates with the County Office of Community Development housing rehabilitation program. In addition, the City supports private owners and renters in rehabilitation and improvement efforts. The specific implementation actions are listed on pages IV-5 and IV-6. The City also cooperates with the Redevelopment Agency in the implementation of rehabilitation programs.	The City will continue to implement those program actions throughout the next three years. A review of both progress and effectiveness will be made when the Housing Assistance Plan is updated.
3. Mobile Home Rent Stabilization	This ordinance recently was enacted by the City Council. The precise provisions and/or implementation actions are presented at the end of this chart.	The ordinance will be implemented in the next 5-years. Revisions will be made following a review of effectiveness and other possible implications.
4. Section 8 Rental Assistance	The City will continue to cooperate with the San Bernardino County Housing Authority for the provision of rental subsidies to lower income families, elderly persons and handicapped households.	Pursuant to a cooperation agreement, the City will continue this program. The number of households that can be assisted annually and over the 5-year time frame will depend on the amount of HUD resources made available to the County Housing Authority. Annual and 3-year goals will be reviewed as part of the HAP process.

HOUSING PROGRAM	IMPLEMENTATION ACTIONS	TIME OBJECTIVES
5. Revenue Bonds	$10 million is available from a 1987 bond issue for the construction of affordable single-family housing. The bond revenues will be used to encourage such construction until fully depleted.	The existing bond resources will be used until depleted. A new bond issue will be considered by the City assuming the cooperation of the multi-agency financing entity and market conditions. A memorandum to the City Council on whether to proceed with a bond issue will be completed no later than mid-year 1992.
6. 20% Set-Aside Senior Project	A site has been acquired for a senior citizens residential project. The resources from the City's 20% Set-Aside or Redevelopment Agency Low and Moderate Income Housing Fund were used to acquire the site.	The project development is schedule for completion by December 1991.
7. Land Use Plans	The City will encourage and facilitate residential development in accordance with the following policy: Zone — DUs R-E — 812 R-1 — 762 R-2/PC — 270 R-2 — 120 R-3 — 2,790	The Land Use Element will be implemented continuously throughout the 5-year planning period. Revisions will be made, as necessary, or when the General Plan is updated.
8. Land Use Controls	Four basic zones will be enforced during the planning period including R-E, R-1, R-2 and R-3. Most of the City's residential land falls within one of these four basic categories.	These land use controls will be continuously implemented. Revisions and amendments will be made, as appropriate, to implement current and new Statewide legislation pertaining to manufactured housing; second units, and density bonus.

HOUSING PROGRAM	IMPLEMENTATION ACTIONS	TIME OBJECTIVES
9. Production Incentives	In the City's Mixed-Land Use District, a floating zone is utilized which permits increased residential densities. Increased densities will reduce production costs associated with land prices.	The production incentives are in place and will be implemented as is during the 5-year planning period. An evaluation of the production incentives will be presented to the City Council by mid-year 1992.
10. CDBG Certifications	Annually or as a part of grant proceeds the City certifies compliance with Federal fair housing laws.	As long as the City continues to cooperate in this program, the CDBG fair/open housing certifications will continue to be made.
11. Information/Referral	As indicated on page V-2, "The City will actively support affirmative action agencies providing information to the public regarding housing oppotunities and acting to reach an equitable solution between landlords and tenants." The City Manager will establish a "Staff Team" to become fully aware of all State and Federal fair housing laws and achieve implementation of the above-noted policy.	The "Staff Team" will be created by mid-year 1991 together with a specific course of action to achieve during the 5-year planning period.
12. New Horizons	The City participates in this countywide fair housing program as part of the CDBG process.	This program will be continually implemented as long as the City is a part of the Urban County CDBG program.

The Rent Stabilization Ordinance affects five mobile home parks in the City of Colton, which are:

- √ Reche Canyon Mobile Estates
  12472 Reche Canyon Road
  Colton, CA

- √ Lake Cadena M/H Park
  2851 So. La Cadena Drive
  Colton, CA

- √ Sunny Trailer Park
  845 West Valley Boulevard
  Colton, CA

- √ Stardust Mobilehome Park
  2250 West Mill Street
  Colton, CA

- √ Rancho Mediterranean
  700 East Washington
  Colton, CA

The major provisions of the Rent Stabilization Ordinance are listed below:

- √ The Ordinance applies to all existing and future mobile home parks in the City of Colton.

- √ The administration of the Ordinance is placed under the direction of the Community Development Director.

- √ The Ordinance establishes a system for controlling mobile home rents and for rolling back such rents to 1987 levels, with an adjustment based upon the Consumer Price Index. Essentially, a landowner will be able to charge existing mobile home tenants the rent that was in effect January 1, 1987, plus sixty percent (60%) of the cost of living increase reflected in the Consumer Price Index up to the effective date of the Ordinance. Thereafter, the landowners may adjust rents every twelve (12) months based upon 60% of any additional increase in cost of living as reflected in the Consumer Price Index.

- √ The Ordinance contains provisions for review and adjustment of rent when special circumstances or needs arise, and for challenge to rents imposed. It established a Rent Review Commission consisting of five members. One of the members is a mobile home tenant; one is a mobile home park owner or his representative; and the remaining three members are citizens of Colton who are neither tenants nor owners of mobile home parks and who have no conflict of interest.

√ The City Council appoints this commission, and procedures for nomination and appointment are set forth in the Ordinance. The Ordinance also establishes staggered terms for commission members to assure continuity and provides for alternate representatives in the event that a conflict relating to a particular mobile home community should exist. Rules relating to the organization, meeting times, and compensation of commission members are also set forth in the Ordinance.

Exhibit 3 shows the locations of the five mobilehome parks.

This section explains in greater detail action programs designed to improve the housing production capacity of the City. More specifically, three "housing production" action programs are described in greater detail: 1) Land Use Plans; 2) Land Use Controls; and 3) Production Incentives.

Land Use Plans

This program category includes the implementation of the Land Use Element and Zoning Ordinance. The Land Use Element contains four residential categories:

1. Residential Estates — up to 2 dus/ac
2. Low Density Residential — up to 8 dus/ac
3. Medium Density Residential — up to 16 dus/ac
4. High Density Residential — up to 22 dus/ac

General Plan Update

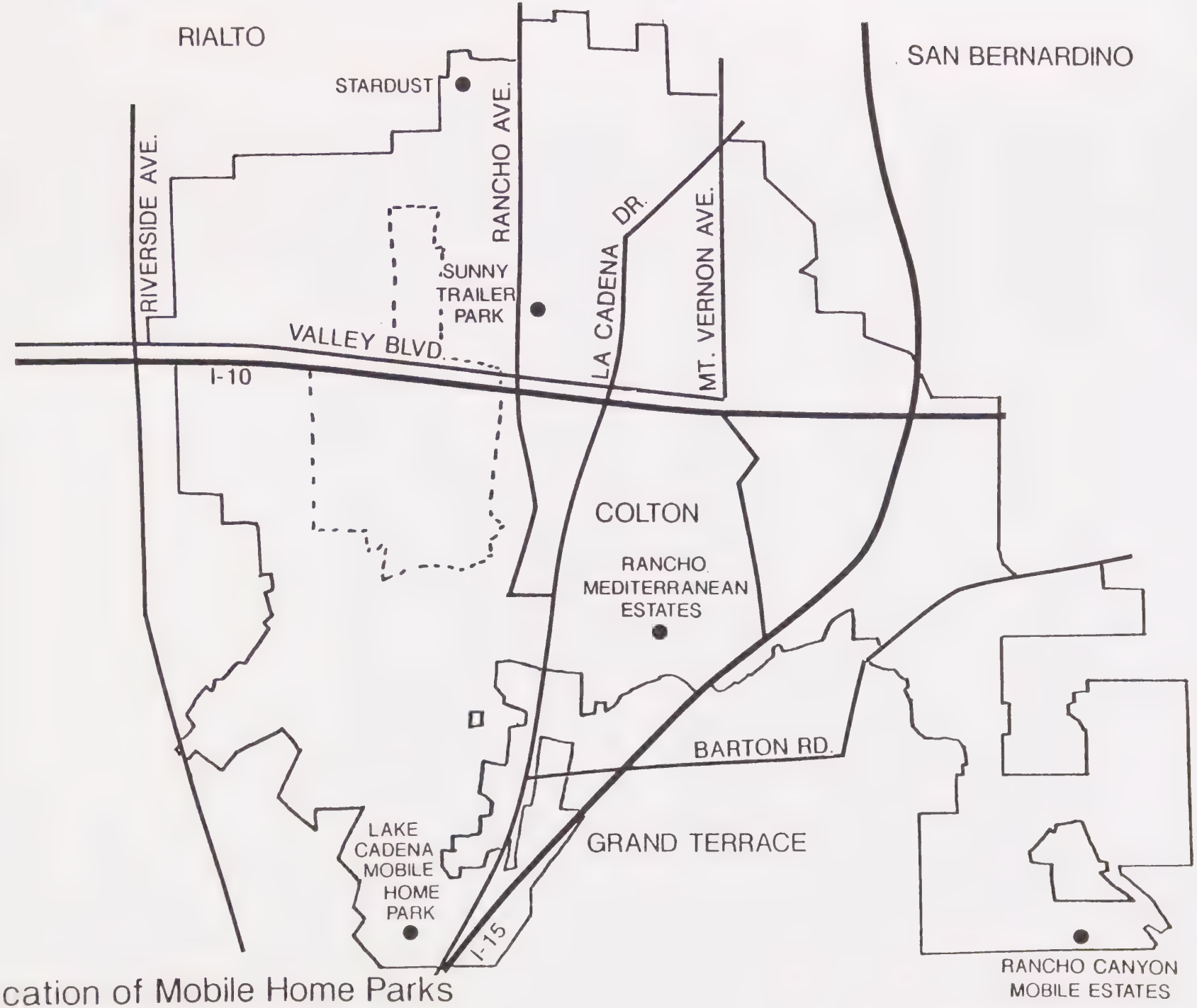
Program Description: An action program of the City is an update of the General Plan which is scheduled for completion during the 1992-1994 time period. A significant part of the General Plan update will involve the Land Use Element. Some of the considerations of the Land Use Element will include:

1. An updated inventory of vacant and underutilized land.

2. An assessment of non-residential uses that can be converted to housing.

3. A larger range of residential land use categories to increase housing opportunities for all income groups.

4. Overlay categories for seniors, affordable and other special need groups to encourage and facilitate housing production.



Location of Mobile Home Parks
COLTON INITIAL STUDY

Exhibit 3

Responsible Agency The responsible agency for directing the General Plan update is the Planning Department. Other City departments to be included in the update process include: City Manager; City Attorney; and Redevelopment Agency.

Implementation Schedule; The General Plan update is scheduled to start in early 1993 with adoption scheduled by late 1994. Therefore, data and policy considerations of the new General Plan will guide the mandatory update of the Housing Element which is scheduled by mid-year 1994.

Quantified Objective: None applicable.

Funding Source: The General Fund is the principal resource to finance the update process.

Specific Plan Overlay

Program Description: The City will implement a "specific plan" overlay which will be applied to areas of the City that would benefit from more detailed planning. One purpose of the overlay would be to encourage planning for a wide variety of housing, including mixed-use residential-commercial concepts.

Responsible Agency: The Planning Department will prepare the necessary amendments to the General Plan and Zoning Ordinance to enact a specific plan overlay. Thereafter, the public hearings would be scheduled with the Planning Commission and City Council.

Implementation Schedule: The overlay zone will be enacted by December 1992.

Quantified Objective: None applicable.

Funding Source: The General Fund is the principal resource to finance the staff work involved in preparing the "specific plan overlay".

LAND USE CONTROLS

Second Units

Program Description: The "second unit" program will be one of the methods by which the City ensures adequate housing sites to meet the needs of all income groups. The City will enact a second unit ordinance that sets forth locational, affordabiilty and development standards for second units. All of these standards would be in compliance with the most recent requirements of State law:

> Locational Criteria: these criteria would be established to avoid a concentration of second units in any one neighborhood of the City. A maximum number of second units to be allowed citywide and by area would be set forth. The number and designation of areas would be based on criteria such as the adequacy of water and sewer and the impact of second units on traffic flow.
>
> Affordability Criteria: these criteria would be enacted to promote the *affordability* of second unit developments in Colton. In enacting the ordinance, the City will allow second units only if they are affordable to very low and low income households or establish priority criteria favoring affordable developments.
>
> Development Criteria: these criteria would be consistent with State law in terms of maximum unit size, parking, height, setbacks and architecture. The development criteria would distinguish between second units added to an existing structure or a separate, freestanding unit.

Responsible Agency: The draft zoning ordinance will be completed by December 1992. Once finalized and adopted, the provisions will be principally implemented by the staff of the Planning Department and City Council. Second units will be a permitted use in the stated zones and not subject to a conditional use permit.

Implementation Schedule: As noted, the second unit ordinance is scheduled for completion by the end of 1992.

Quantified Objective: A numerical target of 25 housing units is established for the five year planning period from 1989-1994.

Funding Source: The General Fund is the financial resource for the staff work involved in the preparation of the second unit ordinance.

Minimum Densities

Program Description: This program will establish thresholds below which housing could not be constructed in each residential land use category and zone district. When enacted, the program will contribute to ensuring an adequate inventory of sites.

Responsible Agency: The Planning Department and City Attorney's office will jointly work on the minimum density program. After a draft program has been prepared, the draft General Plan/Zoning Amendments would be reviewed by the Planning Commission and City Council.

Implementation Schedule: The minimum density program will be enacted by December 1992.

Quantified Objective: The aim of this program is to facilitate the production of housing. No quantified objectives can be set forth at this time.

Funding Source: The General Fund would finance the staff work involved in the enactment of this program.

Production Incentives

Density Bonus Units

Program Description: The City will establish a density bonus ordinance to provide incentives for the development of affordable housing. Government Code Section 65915 provides that a local government shall grant a density bonus of at least 25%, and an additional incentive, or financially equivalent incentive(s), to a developer of a housing development agreeing to construct at least:

- 20% of the units for lower-income households; or
- 10% of the units for very low-income households; or
- 50% of the units for senior citizens.

Based on this State law, the City will adopt an implementing ordinance, including a procedure for evaluating preliminary applications. The ordinance will include:

- Types of developer incentives to be provided.
- Procedures for modifying development and zoning standards.
- Program administration.
- Terms of affordability.
- Nature of binding agreements.

Responsible Agency: Staff work on the implementing ordinance will be accomplished by the City Attorney and Planning Department. The implementing ordinance will be reviewed at public meetings by the Planning Commission and City Council.

Implementation Schedule: The implementing ordinance will be prepared and adopted within six months from adoption of the revised Housing Element.

Quantified Objective: The numerical target is 50 density bonus units during the 5-year program period. The objective would be achieved through housing production on vacant sites and by small infill projects dispersed throughout Colton.

Funding Source: The General Fund will support the work of the City staff on preparation of the implementing ordinance.

Inclusionary Housing Program/In Lieu Fees

Program Description: This program encompasses the preparation of an ordinance to require that 5% to 10% of all units built in projects of 50 or more units be affordable to very and low income households. The ordinance shall stipulate that the project sponsors may pay a fee in-lieu of constructing the new housing if on-site development is financially infeasible.

Responsible Agency: The Planning Department and City Attorney's office will be the staff responsible for drafting the ordinance. Public review and discussion will be conducted at Public Hearings before the Planning Commission and City Council.

Implementation Schedule: Upon adoption of the revised Housing Element, the City Council will authorize the ordinance to be prepared with the appropriate research to be completed to establish the nexus between residential development, need for affordable housing and the fee. It is anticipated that the ordinance will be ready for City Council consideration within six months from adoption of the revised Housing Element.

Quantified Objective: The numerical objective is 5% to 10% affordable housing units within projects of 50 or more dwellings or a fee that cumulatively would significantly contribute to satisfying the City's share of regional housing needs. Fee payments will be placed into an "affordable housing fund". As part of the Annual Progress Report on meeting fair share needs, the Planning Department will inform the City Council on the status of this program and make appropriate recommendations for adjustments, if necessary.

Funding Source: The staff work necessary for the research and ordinance preparation will be financed by the General Fund.

Regulatory Concessions and Incentives Program

Program Description: This program is intended to establish a program that outlines the policies and procedures for granting concessions and incentives. Among the concessions and incentives to be developed are:

- Parking — reduced parking for seniors and units with zero or 1-bedroom. The standard would be reduced from 2 to 1.25 parking spaces per unit in the R-3 zone.
- Density — special density categories for a variety of seniors housing and housing for the disabled/handicapped population.
- Minimum Unit Size — each zoning district will establish minimum unit sizes, particularly for the different kinds of senior housing.
- Fee Reduction — reduced or deferred fees for municipal services and waiver of school fees for senior projects. The City will work with the school district to establish a policy of reduced or no fees for senior projects.
- Streamlined Processing — a "fast-track" process for all affordable projects.
- Handicapped Housing Incentives — financial assistance from the Redevelopment Agency to encourage the development of housing for handicapped/disabled persons.
- Special Needs Household Incentives — financial assistance from the Redevelopment Agency to encourage the development of housing for special needs groups.

Responsible Agency: This program will be developed by the Planning Department.

Implementation Schedule: The "regulatory concessions and incentives" program will be developed by March 1992.

Quantified Objective: This program will attempt to facilitate the production of 50 affordable housing units.

Funding Source: The preparation of this program will be financed by the General Fund and Redevelopment Agency 20% set-aside.

At-Risk Housing Units

IIn Colton there is one federally subsidized low-income rental development at risk of conversion to market rate houisng (Rancho and Mill Apartments, 129 elderly units). Data for this conclusion was drawn from The California Housing Partnership Corporation and The California Coalition of Rural Housing Project, Report on Inventory of Federally Subsidized Low-Income Rental Unit at Risk of Conversion, March 1, 1989.

Other housing in the City has been assisted by State and local resources. A specific program to address the potential conversion of these developments will be completed within 12 months of adoption of the updated Housing Element.

VII.
INTERNAL CONSISTENCY

GENERAL PLAN ELEMENTS

The Colton General Plan contains seven elements, as identified below:

- Land Use
- Circulation
- Open Space/Conservation (combined)
- Safety
- Noise
- Housing (1989)

INTERNAL CONSISTENCY DEFINED

Internal consistency, as used in California planning law, means that no policy conflict exists, either textual or diagrammatic, between the components of an otherwise complete and adequate general plan. The internal consistency requirements has five dimensions with respect to the structure and content of the general plan, which is explained in the following paragraphs.

Equal Status Among General Plan Elements

All elements of the general plan have equal legal status. For example, the Land Use and Open Space elements cannot contain different land use intensity standards. Because no element is legally subordinate to another, the general plan must resolve potential conflicts between or among the elements through clear language and policy.

Consistency Among the Elements (Inter-Element Consistency)

All general plan elements, whether mandatory or optional, must be consistent with each other. Whenever a jurisdiction adopts a new element or amends part of a plan, it must change the rest of the plan to eliminate any inconsistencies that the new element or amendment creates. The jurisdiction should update the plan at the same time it adopts the new element or amendment, or immediately thereafter.

Consistency Within an Element (Intra-Element Consistency)

Each element's data, analyses, goals, policies, and implementation programs, must be consistent with and complement one another. Established goals, data, and analysis form the foundation for any ensuing policies. In turn, policies must form a logical basis for a general plan's implementation programs.

Area Plan Consistency

Internal consistency also means that all principles, goals, objectives, policies, and plan proposals set forth in an area or community plan must be consistent with the overall general plan. The general plan must contain a discussion of the role of area plans (if any) and their relationship to the general plan.

Text and Diagram Consistency

Internal consistency means that the general plan text and diagrams must be consistent with one another since both are integral parts of the plan.

ELEMENT CONSISTENCY

The following is a summary of the seven other elements of the General Plan, and of any special concerns pertaining to the Housing Element:

Circulation Element

The Circulation Element of the General Plan is the basic guide for planning additional and improved public vehicular accessways. The 1989 Housing Element does not include recommendations which effect the goals, policies, objectives or standards of the Circulation Element.

1. Non-conforming land uses cause disruption to the cohesive land use environment and need to be improved or abated within a designated amortization period.

In new, developing sections of the City, the General Plan Circulation requirements are produced as a part of the growth process and are part of the cost of development. However, in central, south central and east Colton, street rights-of-way are fixed by historic growth patterns.

In essence, it is not necessary to destroy or redo existing neighborhoods simply to implement the Circulation Element. What is needed is a property acquisition process, the establishment and build-up of a construction fund, and a common sense approach to the improvement program, leaving the individual property owners or resident unhindered. For example, acquired rights-of-way could be subject to revocable use by the City and encroachment by the property owner. This means that lawns could remain to beautify the area until such time as the right-of-way is actually needed for street construction.

The following standard of the Circulation Element relates to the Housing Element:

> "Minimum disruption of homes, business, utilities, traffic and human life, as caused by the construction and expansion of transportation facilities, should be ensured through sensitive planning and construction."

Land Use Element

Adoption of the Housing Element does not cause a need to amend the Land Use Element. The updated Housing Element is consistent with the densities, residential designations and holding capacity as planned for in the Land Use Element. The following principles contained in the 1985 Land Use Element are particularly relevant to the Housing Element.

1. Concentrated residential development resulting in attractive neighborhoods should be promoted through the use of effective neighborhood design guidelines.

2. Urban recycling and infill to establish cohesive and complete neighborhoods is a fundamental community need.

3. A diversity of residential development types should be the determining factor by allowing adequate design flexibility.

4. Residential development in environmentally sensitive or hazardous areas should be generally avoided and only allowed when mitigating measures are taken to reduce the risk of occurrence or exposure.

5. Preserve and protect hillside and environmentally sensitive areas designated for growth through the use of strict hillside development standards.

6. Restrict development in canyons and hillsides and control the plan of development to prevent obstruction of natural runoff or water courses and to prevent unwarranted scarring of hillsides.

7. Hillside densities shall be determined after consideration of safety, access, public infrastructure availability, environmental damage and aesthetics, but generally should not exceed two dwellings per acre.

Noise Element

The Noise Element deals with identification, measurement and control of community noise in Colton.

1. Residential structures should be constructed to maintain interior noise levels of not greater than 45 dBA, through the use of sound barrier improvements, building designs, construction materials and/or insulation techniques.

2. Residential growth in Community Noise Exposure Areas greater than 70 dBA should be discouraged, unless on-site noise levels can be reduced to 60 dBA or lower via o-a nd off-site noise alleviating improvements.

Open Space and Conservation Element

The Open Space Element identifies a series of existing public parks and proposes several additional public parks. Other open space areas are also identified.

Safety Element

This Element identifies and defines programs to protect the community from fire and geologic hazards. It also contains a list of policies with respect to public safety and provides a list of action items to implement identified policies. The 1989 Housing Element does not contain recommendations that effect the Public Safety Element.

1. Educational home improvement programs to involve citizens in residential neighborhood revitalization efforts should be an integral City function.

2. No development for human occupancy shall occur in areas of exceptionally high fire hazard, or any area where fire cannot be safely controlled.

3. Establish neighborhood watch programs.

4. Encourage the clustering of houses into small neighborhoods removed from major thoroughfares, thereby enhancing neighborhood recognition and surveillance of people or activities not normally associated with neighborhood.

TECHNICAL APPENDICES

TECHNICAL APPENDIX
DEFINITION OF TERMS

DEFINITIONS OF TERMS

Several terms are used throughout the 1989 Housing Element which have unique meanings ascribed by California planning law. Before the body of the Housing Element is presented, definitions of key terms are provided it he next few pages to facilitate the understanding of terms employed in various sections of the element.

Condition of Housing -- Colton's Housing Element, pursuant to the requirements of Article 10.6, includes an analysis of the physical condition of housing for purposes of identifying improvement needs.

Existing Housing Assistance Needs (Overpaying) -- These needs pertain to Colton's current residents that are paying more on housing costs than they can reasonably afford, given other life necessities such as food, transportation, health care, child care, insurance and other requirements. The problem of overpaying is often cited as the indicator of housing assistance needs since financial assistance is necessary to reduce costs to a reasonable level. The extent of overpaying is estimated by the number of very low and low income households that are spending 30% or more of their income on housing costs.

Using the 1989 income limits and the 30% standard, the following housing costs are the overpaying thresholds:

Income Group	Annual Income Limit	30% of Monthly Income
Very Low	$16,100	$402
Low	$25,760	$644

Goals and Objectives -- Goals are statements describing the desired conditions that should exist in the housing environment. Objectives are numerical targets to be achieved in a five-year time period; they must be stated for the rehabilitation, conservation and development of housing. Objectives may not be possible or appropriate for certain housing needs identified in the Housing Element and, therefore, have not been included.

Household and Family -- A household is all the persons who occupy a housing unit. A household may consist of one person, unrelated individuals or a "family". A "family" is a household consisting of persons related by blood, or marriage, or a single bonafide housekeeping unit.

Housing Production Needs -- These needs refer to new construction needed during a five-year period for all income groups to:

1. Accommodate households growth;
2. Replace demolitions and other losses in the housing inventory; and
3. Achieve a vacancy rate that will allow the housing market to operate efficiently and provide mobility opportunities.

Implementation Policies and Activities -- These statements serve to convey how the City intends to further the achievement of stated goals and objectives. The policies are statements indicating the process and procedures the City employs to attain goals and objectives which address housing needs. The activities are specific actions which the City undertakes to meet local housing needs within the context of the state housing law.

Income -- State law requires that housing needs to be calculated for four income groups, which are defined in reference to the median household income for the entire San Bernardino County. The median household incomes are computed and published annually by the U.S. Department of Housing and Community Development. In February 1989 the median household income for a four-person household residing in San Bernardino was $32,200. The four income groups are defined as follows:

Income Group	Percent of Median Household Income	Annual Income Limits
Very Low	Less than 50%	Less than $16,100
Low	50% to 80%	$16,101 to $25,760
Moderate	81% to 120%	$25,761 to $38,640
Above Moderate	121% and above	$38,640 and above

Overcrowding -- Overcrowding refers to households living in housing units that lack sufficient space to meet basic needs of daily living. The prevalence of overcrowding conditions is measured by the ratio of persons to rooms in a housing unit (excluding bathrooms and kitchens). When the ratio of persons to rooms exceeds 1.01 or more persons per room, overcrowding is considered to exist.

Southern California Association of Governments (SCAG) -- Section 65583 (a)(1) of the Government Code requires as a part of the local housing elements "... a quantification of the locality's existing and projected housing needs for all income levels." Section 65584 of the Government Code states "... that each council of governments shall determine the existing and projected housing need for its region." Furthermore, "... each locality's share shall be determined by the appropriate council of governments..." In the case of Colton, the appropriate council of governments is the Southern California Association of Governments. The Office of the Attorney General (Opinion No. 87-206, September 29, 1987) stated: "... we conclude that the determination of a locality's share of regional housing needs by a council of governments must include both the existing and projected housing needs of the locality." Thus, SCAG is responsible, under the provisions of California law, to quantify existing and projected housing needs for all cities and county unincorporated areas in the six county region comprised of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties. Moreover, the City of Colton, as other jurisdictions, must incorporate these estimated and projected needs in the Housing Element.

As stated in SCAG's 1988 Regional Housing Needs Assessment (RHNA):

> "The State Housing Law requires SCAG to identify both Existing and Future Housing Needs every 5 years. The 1988 Regional Housing Needs Assessment identifies each jurisdictions' Existing Housing Need, as of January 1, 1988, and Future Housing Need for the July 1, 1989 to July 1, 1994 period. SCAG is doing this in compliance with the mandate of the State Housing Law. Each city and each county (unincorporated area) will then use these regional need numbers, identified for it in the RHNA, as a basis for the identification of housing needs in the 1989 Housing Element of its General Plan."

The definitions of existing and future need, as provided by SCAG, are quoted below:

> "Existing Need in the 1988 RHNA is defined as the number of lower income households paying more than 30% of their income for housing."

"Future Need in the 1988 Assessment is also dealt with in a way similar to the current RHAM. * It is defined as the number of units that would have to be added in each jurisdiction to accommodate the forecasted growth in the number of households by July 1, 1994, as well as the number of units that would have to be added to compensate for anticipated demolitions and changes to achieve an "ideal" vacancy rate."

INCOME: 1980-89-94
COLTON,CA
PLACE 6 (CA) 580

URBAN DECISION SYSTEMS, INC.
10/18/89

	1980 Census		1989 Est.		1994 Proj.	
POPULATION	21311		33114		39709	
In Group Quarters	139		189		197	
PER CAPITA INCOME	$ 5895		$ 9151		$ 11017	
AGGREGATE INCOME ($Mil)	125.6		303.0		437.5	
HOUSEHOLDS	7217	%	11323	%	13526	%
By Income						
Less than $ 5,000	1086	15.0	618	5.5	472	3.5
$ 5,000 - $ 9,999	1303	18.1	1571	13.9	1502	11.1
$ 10,000 - $ 14,999	1350	18.7	1421	12.5	1486	11.0
$ 15,000 - $ 19,999	1022	14.2	1513	13.4	1468	10.9
$ 20,000 - $ 24,999	910	12.6	1281	11.3	1384	10.2
$ 25,000 - $ 29,999	585	8.1	900	7.9	1240	9.2
$ 30,000 - $ 34,999	372	5.2	905	8.0	928	6.9
$ 35,000 - $ 39,999	183	2.5	721	6.4	869	6.4
$ 40,000 - $ 49,999	223	3.1	1033	9.1	1450	10.7
$ 50,000 - $ 59,999	91	1.3	565	5.0	1000	7.4
$ 60,000 - $ 74,999	52	0.7	402	3.6	847	6.3
$ 75,000 - $ 99,999	26	0.4	258	2.3	525	3.9
$100,000 +	13	0.2	134	1.2	354	2.6
Median Household Income	$ 14475		$ 22099		$ 26817	
Average Household Income	$ 17365		$ 26763		$ 32342	
FAMILIES	5459	%	8450	%	9942	%
By Income						
Less than $ 5,000	523	9.6	412	4.9	344	3.5
$ 5,000 - $ 9,999	877	16.1	830	9.8	756	7.6
$ 10,000 - $ 14,999	1039	19.0	929	11.0	868	8.7
$ 15,000 - $ 19,999	855	15.7	1145	13.5	1038	10.4
$ 20,000 - $ 24,999	796	14.6	939	11.1	1039	10.4
$ 25,000 - $ 29,999	520	9.5	732	8.7	883	8.9
$ 30,000 - $ 34,999	340	6.2	712	8.4	734	7.4
$ 35,000 - $ 39,999	155	2.8	662	7.8	680	6.8
$ 40,000 - $ 49,999	206	3.8	910	10.8	1235	12.4
$ 50,000 - $ 59,999	75	1.4	490	5.8	881	8.9
$ 60,000 - $ 74,999	42	0.8	363	4.3	731	7.4
$ 75,000 - $ 99,999	20	0.4	220	2.6	461	4.6
$100,000 +	10	0.2	106	1.3	290	2.9
Median Family Income	$ 16498		$ 24845		$ 30279	
Average Family Income	$ 19149		$ 29166		$ 35552	

Source: 1980 Census, Jan. 1,1989 UDS Estimates (INFX)

DEMOGRAPHIC TRENDS: 1980-89-94 URBAN DECISION SYSTEMS, INC.
COLTON,CA 10/18/89
PLACE 6 (CA) 580

	1980 Census		1989 Est.		1994 Proj.	
POPULATION	21311		33114		39709	
In Group Quarters	139		189		197	
HOUSEHOLDS	7217	%	11323	%	13526	%
1 Person	1518	21.0	2514	22.2	3043	22.5
2 Person	2091	29.0	3472	30.7	4269	31.6
3-4 Person	2344	32.5	3783	33.4	4578	33.8
5+ Person	1263	17.5	1554	13.7	1637	12.1
Avg Hshld Size	2.93		2.91		2.92	
FAMILIES	5459		8450		9942	
		%		%		%
RACE: White	20229	94.9	30712	92.7	36357	91.6
Black	601	2.8	1647	5.0	2484	6.3
Amer. Indian	201	0.9	315	1.0	363	0.9
Asian/Pacific Islndr	192	0.9	301	0.9	346	0.9
Other*	88	0.4	139	0.4	160	0.4
SPANISH/HISPANIC	11832	55.5	22405	67.7	28479	71.7
		%		%		%
AGE: 0 - 5	2407	11.3	4007	12.1	4560	11.5
6 - 13	2882	13.5	4113	12.4	4952	12.5
14 - 17	1595	7.5	1790	5.4	2014	5.1
18 - 20	1244	5.8	1449	4.4	1623	4.1
21 - 24	1749	8.2	2386	7.2	2751	6.9
25 - 34	3362	15.8	6145	18.6	6912	17.4
35 - 44	2038	9.6	3828	11.6	4695	11.8
45 - 54	2048	9.6	3173	9.6	4593	11.6
55 - 64	1843	8.6	2518	7.6	2929	7.4
65 +	2140	10.0	3705	11.2	4681	11.8
Median Age	27.0		29.6		30.7	
MALES	10416	%	16408	%	19797	%
0 - 20	4204	40.4	6077	37.0	7153	36.1
21 - 44	3496	33.6	6094	37.1	7091	35.8
45 - 64	1859	17.8	2780	16.9	3763	19.0
65 +	857	8.2	1458	8.9	1790	9.0
FEMALES	10893	%	16706	%	19912	%
0 - 20	3925	36.0	5282	31.6	5995	30.1
21 - 44	3653	33.5	6265	37.5	7267	36.5
45 - 64	2032	18.7	2911	17.4	3759	18.9
65 +	1283	11.8	2248	13.5	2890	14.5
HOUSING UNITS	7730	%				
Owner-Occupied	4584	59.3	6224		7063	
Renter-Occupied	2633	34.1	5099		6464	

*1980 other race modified to current Census Bureau definition

Source: 1980 Census, Jan. 1,1989 UDS Estimates (DTA)

CITY OF COLTON

Housing Element
of the
General Plan

APPENDIX A

Preservation of Assisted Housing Developments

June 1992

INTRODUCTION

Chapter 1451, Statutes of 1989, amended Section 65583 of the Government Code to require analysis and program efforts for preserving assisted housing developments by July 1992. The following components are required to be included in a housing element:

1. Inventory of units at risk of losing use restrictions.
2. Cost analysis of preserving at-risk units versus replacing them.
3. Non-profit entities capable of acquiring and managing at-risk projects.
4. Potential preservation financing sources.
5. Number of at-risk projects/units to be preserved.
6. Program efforts to preserve units at risk of losing use restrictions.

Attachment A explains the changes made to housing element law by the 1989 statutes. Colton's Housing Element was adopted prior to these changes in housing element law. Therefore, the adoption of this Technical Appendix amends the Housing Element to meet the "at-risk" requirements.

With regard to time schedule:

> "The analysis and program for preserving assisted housing development required by the amendments to this section enacted by the Statutes of 1989 shall be adopted as an *amendment* to the housing element by July 1, 1992." (emphasis added)

Because of this schedule, the City Council has decided to amend the Colton Housing Element by mid-year 1992 to comply with this new requirement.

INVENTORY

According to HCD, the inventory must identify projects with affordability controls, and determine potential conversion dates, compile information on those with conversion dates within the 10-year analysis period, by each 5-year period. The 10-year analysis period is:

- √ 1989 to 1994
- √ 1994 to 1999

The inventory should include all *multi-family low income low income rental units* which are assisted under any of the programs listed below:

1. HUD programs:

   Section 8 Lower-Income Rental Assistance project-based programs:

   New Construction
   Substantial or Moderate Rehabilitation
   Loan Management Set-Aside

   Section 101 Rent Supplements
   Section 213 Cooperative Housing Insurance
   Section 221(d)(3) Below-Market-Interest-Rate Mortgage Insurance Program
   Section 236 Interest Reduction Payment Program
   Section 202 Direct Loans for Elderly or Handicapped
   Community Development Block Grant Program

2. FmHA Section 515 Rural Rental Housing Loans

3. State and local multi-family revenue bond programs

4. Redevelopment programs

5. Local in-lieu fee programs or inclusionary programs

6. Developments which obtained a density bonus and direct government assistance pursuant to Government Code Section 65916

Units assisted by the above programs and at-risk include those:

- √ Eligible to change to non-low-income housing uses due to termination of subsidy contract, mortgage prepayment, or expiring use restrictions; and
- √ Eligible within the ten-year period following the statutory adoption "due-date" of the housing element amendment.

Attachment B is the assisted housing at-risk checklist. As noted, the city has no inventory of affordable housing assisted by in-lieu fees; inclusionary programs; or financially assisted density bonus units. In addition, there exist no FmHA assisted housing units in Colton's housing stock. The affordable project financed by the Redevelopment Agency's 20% set-aside fund is not at-risk during the planning period.

Two data sources were consulted to identify *low* income rental units potentially at-risk of conversion to non-low income uses:

1. California Housing Partnership Corporation, Inventory of Federally Subsidized Low-Income, Rental Units at Risk of Conversion, 1991 update for Southern California counties.
2. California Debt Advisory Commission, Annual Summary 1991: The Use of Housing Revenue Bond Proceeds, (November 1991) 24 pgs. + Attachments and Appendices.

The projects identified by these data sources are listed below and also contained in Attachment B.

Multi-Family Housing Bond Programs

Project Name	Project Size/ Mix	Monthly Rents	Assisted Units	Earliest Conversion Date*
Meadow Lane Villas	208 dus 2 bdrm.-168 dus 3 bdrm.-40 dus	 $495-$535 $605-$625	42 dus	April 1995 10 years
Cottonwood Ranch	388 dus 1 bdrm.-117 dus 2 bdrm.-223 dus 3+ bdrm.-48 dus	 $440-$465 $525-$560 $675	78 dus	May 1997 11 years
Casa del Rio II	142 dus 1 bdrm. 2 bdrm.	 $338 $380	29 dus	2001 15 years
Casa del Rio III	172 dus Studio 1 bdrm. 2 bdrm.	 $295 $338 $380	35 dus	2001 15 years
Colton Palms	101 dus		101 dus	15 years
Section 8/221(D)(3)				
Rancho & Mills Apts.	129 dus 1 bdrm-16 dus 2 bdrm-70 dus 3 bdrm-43 dus	 $638** $744 $841	129	26 Oct. 94

(Earliest year during which targeted units may no longer be held for low income occupants.)*

*(**Includes utilities: $27 1-bdrm.; $36 2-bdrm; $43 3 bdrm.)*

NATURE OF ASSISTED HOUSING DEVELOPMENTS

This section describes the nature of the use restrictions affecting the assisted developments; multi-family housing revenue bonds and Section 221(d)(3) and Section 8 rental housing assistance payments.

Multi-Family Housing Revenue Bonds

None of Colton's multi-family housing bond projects are "at-risk" during the first 5-year program period — 1989 to 1994. Two projects are at risk during the second program period — 1994 to 1999. The date of bond sales for these two projects was 4/29/85 and 5/23/85. Consequently, the bonds were sold prior to the restrictions imposed by the Federal Tax Reform Act of 1986.

The multi-family rental housing projects financed by bonds are subject to various income restrictions for the occupants. The income restrictions vary depending upon which statutory authority was used to issue the bonds and whether or not the bonds are subject to the federal Tax Reform Act of 1986. The general rule under state law is that:

1. At least 10% of the units in a project must be set aside for tenants of *very low-income* (50% or less of area median income); and

2. Another 10% of the units must be set aside for tenants of *low-income* (80% or less of area median income). Both projects are pre-1986 developments. For these projects, 20% of the units had to be reserved for tenants with incomes less than 80% of area median income.

Bond issues which are subject to restrictions of the federal Tax Reform Act of 1986 must meet either one of the following requirements:

(1) 40% or more of the units must be occupied by persons having income of 60% or less of the area median gross income; or

(2) 20% or more of the units must be occupied by persons having income of 50% or less of the area median income.

The highest number of MFHRB assisted units *potentially* at risk could be 120 — 42 at Meadow Lane Villas and 78 at Cottonwood Ranch. Many projects built with bond proceeds issued prior to the federal Tax Reform Act of 1986 are not subject to annual recertification of the low-income tenants. Consequently, tenants who originally qualified as low-income are allowed to remain in units targeted for low-income households even after their income rises above the qualifying level. These tenants are not identifiable and are, therefore, included with the targeted low-income occupant data. Therefore, at the earliest dates of conversion, April 1995 and May 1997, the number of tenants actually at risk and meeting low income limits is unknown and could be less than 120.

Section 221(d)(3)/Section 8

The Rancho & Mills Apartments is a 129-units project located on Rancho Avenue. The development is a family project constructed in mid-year 1969. The development obtains project-based Section 8 rental assistance where the federal government provides the project owner with the difference between a tenant's rent contribution which is restricted to 30% of income and a fair market rent set by HUD. The Section 8 contract is a LMSA/Sup Conv, meaning it is a Loan Management Set-Aside Section 8 contract which has been converted from its original Rent Supplement contract. The owner may next opt out of the Section 8 contract on October 26, 1994 or renew it for another five years. The "fair market rents" (FMR) by bedroom size are listed below:

Bedrooms	Fair Market Rent*
1	$638
2	$744
3	$841

* *Includes utility allowance.*

The owner of the Rancho & Mill Apartments has issued an Initial Notice of Intent with the U.S. Department of Housing and Urban Development, Los Angeles. The Notice indicates that the owner will either: a) extend the low income affordability restrictions by requesting incentives; or b) offer to sell the housing to a qualified purchaser. The paragraphs below explain generally the process under the "Low-Income Housing Preservation and Resident Homeownership Act of 1990" (LIHPRHA). Also refer to Chart 1 for a summary of the process.

As part of the National Affordable Housing Act of 1990, Congress enacted a permanent program to preserve 360,000 low-income units threatened with conversion to market-rate housing through prepayment of subsidized mortgages. The "Low-Income Preservation and Resident Homeownership Act of 1990", (LIHPRHA), also known as Title VI, creates incentives for owners to maintain projects as low-income housing, or sell to tenants, nonprofit organizations or government agencies.

Preservation Value

LIHPRHA only covers projects assisted under the Section 221(d)(3) and Section 236 programs that were eligible for prepayment of HUD-subsidized low-interest loans after 20 years. Under the Act, an owner may file a first Notice of Intent up to two years prior to the scheduled prepayment date. After the owner files the notice, both HUD and the owner commission separate appraisals. A third appraisal may be necessary if the first two cannot be reconciled. The appraisal determines the project's "Preservation Value", which is essentially the fair market (unrestricted) value of the project as residential rental property, as well as the highest and best use value of property, if different. The appraisal discounts for the costs of conversion to market-rate housing or other uses, including capital improvements.

Stay in or Sell

From the Preservation Value, HUD determines an owners' equity, and calculates the rents necessary to provide an owner with an 8% annual return on this equity. If HUD can provide the owner with this return without exceeding the federal costs limits, the owner cannot prepay the mortgage. The owner may then file a Plan of Action seeking incentives to provide the 8% return, or offer the project for sale to 'Priority Purchasers" (nonprofit entities, tenants and public bodies) for a 12 months option period, and other purchasers for an additional 3 months, a process known as "voluntary sale". Unless the owner decides to retain ownership, the owner must accept a bona fide offer to purchase at the Preservation Value. If no bonafide offer is made within the full 15-month negotiation period, the owner may subsequently prepay.

If HUD cannot provide the owner with the 8% return, the owner may prepay only after offering the property for sale to a nonprofit entity, tenants or public body for 12 months, and other qualified buyers for the next three months, regardless of whether the owner wishes to sell ("mandatory sale"). If no offer is made and the owner can prepay, tenants are offered portable Section 8 certificates or vouchers. Tenants who wish to stay are held harmless at current rents for three years.

If an owner chooses to sell under either a voluntary or mandatory sale, he or she can only accept an offer during the first six months from either a tenant's association, or from a community-based nonprofit organization that has been endorsed by the tenants.

PROCESS FOR PREPAYMENT ELIGIBLE HOUSING
Under Title VI of National Housing Act of 1990

1. Owner Files Notice of Intent to:

- Prepay (skip steps 2 & 3),
- Stay-in with incentives,
- Sell with incentives

Due 4 months after notice

2. Property Is Appraised to:

Determine value without federal use restrictions, after deducting all costs of conversion, including rehab expenses. Two values are calculated: market rate rental & "best and highest use."

3. HUD Calculates "Preservation Rents" and Compares to Federal Cost Limit Rents

- Rents at 120% of Section 8 fair market rent (FMR)
- Rents at 120% of Local Market Rents

Due 6 months after prepayment notice or 9 months after incentives notice

4. HUD Provides Owner With:

- Information on preservation value, preservation rents, & results of federal cost limit analysis
- Information on incentives (stay-in/sale)
- Criteria for prepayment (if applicable)

5. *Prepayment , or . . .*

- Owner files plan of action showing compliance with public policy criteria
- If owner fails to meet criteria, HUD disapproves plan and notice of intent is void
- Owner who may not prepay can file new notice of intent for incentives and start over

Stay-In With Incentives , or . . .

- Owner files plan of action requesting mix of incentives
- HUD sends notice of deficiencies
- Owner supplies additional information
- HUD review and approval of plan of action
- If plan is not funded within time limits, owner can prepay

Voluntary Sale With Incentives,

- Owner offers property for sale to priority purchasers for 12 months for price not to exceed best & highest use value
- If no priority purchasers, then offer to qualified purchasers for 3 months
- Plan of action filed when owner *accepts* bona fide offer
- HUD notice of deficiencies
- Owner/purchaser supplies additional information
- HUD review and approval; sale closes
- If no bona fide offers, or sale falls through, or plan is not funded, then owner can prepay, subject to tenant protections

or . . . Mandatory Sale

(if federal cost limits are exceeded)

- Owner offers property for sale to priority purchasers for 12 months
- If no priority purchaser, then offer to qualified purchasers for 3 months
- Plan of action filed when buyer *tenders* bona fide offer (price must be no less than best & highest use value)
- HUD notice of deficiencies
- Owner/purchaser supplies additional information
- HUD review and approval; sale closes
- If no bona fide offers, or sale falls through, or plan is not funded, then owner can prepay, subject to tenant protections

WILD CARD: HUD can deny incentives based on Windfall Profits Test

COST ANALYSIS

Section 65583 (a)(8)(B) requires an analysis of:

- √ The cost of producing new rental housing comparable in size and rent levels to replace the units which could convert.
- √ The cost of preserving all the developments at risk of converting.

These costs can be estimated on an aggregate basis for each of two five-year periods. According to HCD, if it is not possible to estimate preservation costs directly, it is permissible to describe whether such costs are anticipated to be higher or lower than replacement estimates, and for what reason, as well as the magnitude of the difference in estimates.

Replacement Cost Estimates

The cost of producing new rental units to replace the existing dwellings at risk involves two important factors: 1) the bedroom size distribution; and 2) the rents paid by current tenants. The bedroom mix of the assisted Section 8 units is known: 16, 1 bedrooms; 70, 2 bedrooms; and 43, 3 bedroom units.

Section 8 rental assistance at the Rancho & Mill Apartments is available to families whose annual income is at or below the 50% of the area median income. The correspondence between the number of bedrooms, household sizes and income limits is listed below:

√	1 Bedroom	=	2 persons	=	$14,400
√	2 Bedrooms	=	3 persons	=	$16,200
√	3 Bedrooms	=	4 persons	=	$18,000

Tenants residing in Section 8 assisted units pay 30% of their income on housing costs. Not all of the assisted households have incomes at the maximums listed above. For estimating purposes, it is assumed that households have incomes equal to 75% of the maximum ceilings; calculations are shown below:

√	$14,400	x	75%	=	$10,800
√	$16,200	x	75%	=	$12,150
√	$18,000	x	75%	=	$13,500

Based on an allocation of 30% of income, the monthly rents would be: $270; $304; and $338.

For bond assisted units, the units are targeted to income groups and maximum rents were not established. The rents paid by income eligible households are assumed to be the same as for all units. The rent distribution at Cottonwood Ranch is:

√	1 Bedroom	$440-$465
√	2 Bedroom	$525-$560
√	3 Bedroom	$675

The rent distribution at the Meadow Lane Villas is:

√	2 Bedroom	$495-$535
√	3 Bedroom	$605-$625

These rent levels were used to project the replacement costs associated with the potentially at risk 249 housing units. Table 1 presents a pro-forma cash flow statement and sources/uses of fund analysis. The total (development) costs equal $19,746,197. The rents affordable by the low income tenants could support a first mortgage of $4,122,866. Therefore, there is a significant financing gap of $15,641,311.

TABLE 1

Colton Affordable Housing Gap Financing Analysis

PRO-FORMA CASH FLOW STATEMENT

Plan Unit Type	Units	SF	Total SF	Rent	Annual Rent
A 1BR Unit	16	800	12,800	270	51,840
A 2BR Unit	70	900	63,000	304	255,360
A 3 BR Unit	43	1,200	51,600	338	174,408
B 1BR Unit	23	800	18,400	440	121,440
B 2BR Unit	46	1,000	46,000	525	289,800
B 3 BR Unit	9	1,200	10,800	675	72,900
C 2 BR Unit	34	1,000	34,000	495	201,960
C 3 BR Unit	8	1,200	9,600	605	58,080
Common Area			36,930		
Totals	249		283,130		
Gross Income					1,225,788
Other Income					11,952
Vacancy @ 5%					(61,289)
Effective Gross Income					1,176,451
Operating Expenses (excluding RE Taxes & Reserves)					(448,200)
Replacement Reserve					(92,716)
Real Estate Taxes					(197,642)
NET OPERATING INCOME					437,892
Debt Service @ 9% 30 Yr Am					398,084
Debt Service Coverage					1.10
Operating Expenses per Unit (Including Taxes & Reserves)					(2,966)
MAXIMUM PERMANENT MORTGAGE					4,122,886

SOURCES AND USES OF FUNDS

SOURCES OF FUNDS:		
First Mortgage Financing	20.86%	4,122,886
Financing Gap	79.14%	15,641,311
Total Sources of Funds		19,764,197
USES OF FUNDS:		
Land Acquisition		2,988,000
Architectural & Engineering		424,695
School Impact Fees		447,345
Development Impact Fees		622,500
Development Processing Fees		249,000
New Construction @ $50 per GSF		14,156,500
Appraisal		10,000
Taxes during Construction		20,000
Escrow, Title Insurance & Recording		25,000
Rent Up Account		183,868
Marketing		100,000
Construction Interest @ 10% - 12 Months		247,373
Construction Loan Points - 2%		82,458
Permanent Loan Points - 2%		82,458
Other Financing Costs		50,000
Contingency		75,000
Total Uses of Funds		19,764,197

CHART 1
CITY OF COLTON
PRO-FORMA CASH FLOW STATEMENT

Bedroom Mix: The bedroom mix consists of one-, two- and three-bedroom units. Based on household size standards 1-bedroom units are appropriate for a 2-person household, 2-bedroom units are appropriate for a 3-person household, and 3-bedroom units are appropriate for a four-person household.

Monthly Rent: The monthly rents correspond to the income group and unit size factors that determine the affordable housing costs. For a more detailed explanation, refer to the text on page A-8.

Common Area: The common area equals 13% of the total square footage in the replacement housing development. The common area accounts for walls, hallways, laundry rooms and entryways. The common area square footage does not make any allowance for a central dining room or kitchen.

Other Income: This component includes laundry income based on $4 per month per unit (249 x $4 x 12 = $11,952).

Vacancy: To assist in quantifying the "net operating income", it is necessary to deduct income not gained due to vacant units. The 5% vacancy allowance is a rule-of-thumb that meets most lenders criteria. Occasionally, a 4% vacancy factor is permitted for low income housing developments.

Operating Expenses: This estimate is based on actual costs rather than as a percent of gross income. Western National Property Management provided data on the operating costs for affordable senior housing developments. (WNPM was founded in 1963 and currently manages more than 12,000 units of income restricted apartments throughout Southern California.) The components of operating costs include the following:

- General Administrative: advertising and promotion; legal; accounting/audit; security; and general office.
- Utilities: electricity; gas; trash; water; and sewer.
- Payroll: payroll; payroll leasing; and payroll taxes and fringe.
- Maintenance: painting; repairs; exterminating; grounds; elevator; and other.

Replacement Reserve: This estimate is based upon .6 of 1% of the hard construction costs (i.e., architecture/engineering + development impact fees + construction). This estimate meets the HUD and CHFA guidelines for calculating replacement reserves. Some lenders require the replacement reserve to be impounded.

Real Estate Taxes: The real estate taxes are based on 1% of the estimated development costs of $19,764,197. (1% of $19,704,197 = $197,642). The annual per unit taxes equal $795.

Net Operating Income: The NOI equals gross income + other income minus vacancy loss, operating expenses, replacement reserve and real estate taxes.

Debt Service Coverage: The ratio of 1.10 is applied to the net operating income to compute the annual income that could be applied to service a first mortgage loan. The debt coverage service ratio is based upon the standard applied by the Savings Association Mortgage Company, Inc. (SAMCO), a corporation formed to assist in creating and financing affordable housing.

Maximum Permanent Mortgage: The mortgage amount is computed on the basis of the amount that can be contributed to debt service ($398,084), with a term of 30 years at an interest rate of 9%.

CHART 2
CITY OF COLTON
SOURCES AND USES OF FUNDS

Financing Gap: As noted, the total development costs for the hypothetical project in equals $19,764,197. Given the affordable rent levels and all the other factors considered in the pro-forma, a first mortgage of only $4,122,886 can be supported — 20.86% of total development costs. The "financing gap" is the amount that needs to be bridged in order to make the project feasible. Stated differently, $15,641,311 is needed from other sources, such as the Redevelopment Agency's set-aside fund and/or Federal and State housing programs to make the project financially feasible.

Land Acquisition: No estimates are made of land costs. However, assuming that no equity is brought to the project or the Redevelopment Agency purchases the land, the amount would be in addition to the financing gap noted above. The land costs are estimated to be $12,000 per unit.

Architecture/Engineering: The estimate is calculated as 3% of the total construction costs for the project. The A/E costs can be as high as 4% but vary depending on the complexity of the site and physical conditions.

School Impact Fees: The fees are computed at $1.58 per square foot. (283,130 sq. ft. x $1.58/sq. ft. = $447,345).

Development Impact Fees: The fee amount is calculated at $2,500 per unit (249 x $2,500 = $622,500).

Development Processing Fee: The fee amount is computed at $1,000 per unit.

Construction Costs: The estimate of $50/sq. ft. was applied to the gross square footage to determine total construction costs.

Appraisal: Usually an appraisal may cost between $3,500 to $15,000. The $10,000 entry is an estimate of what may be the costs. (If several developments were built then the costs would be higher.)

Taxes: The estimate represents an allowance for this cost factor. During the construction phase, property taxes must be paid on the land.

Escrow, Title Insurance and Recording: The estimate is an allowance for these costs incurred during the development phase.

Rent-Up Account: The estimate is calculated at 15% of the first year's gross income. The rent-up account represents the amount needed to cover fixed and variable operating expenses prior to full occupancy. The 15% standard is based on CHFA guidelines.

Marketing: The estimate is an allowance for this cost factor. The marketing costs encompass brochures, furnishing of a unit, advertising and personnel.

Construction Interest: The criteria for this cost factor is 10% for 12 months on an average of 60% of the loan outstanding. The assumption is that the construction loan is no larger than the first mortgage.

Construction Loan Points: This estimate is based on 2% of the first mortgage amount.

Permanent Loan Points: This estimate is based on 2% of the first mortgage amount.

Other Financing Costs: The estimate is an allowance for this cost factor.

Contingency: The estimate is an allowance for this cost factor.

Preservation Costs

The costs of preservation are estimated on the basis of providing continued affordable housing for affected tenants in the existing stock. The "cost of preservation" would depend primarily on the difference between restricted and market rents. The monthly rents of the bond financed projects are listed below:

- √ 1-Bedroom ..... $440-$465
- √ 2-Bedroom ..... $495-$535
  $525-$560
- √ 3-Bedroom ..... $605-$675

It is assumed that these are rents paid by the tenants, including those whose annual incomes are below 80% of the area median income. These rental rates are very comparable to the current market rents in the existing supply. A survey of apartments (excluding the three "at-risk" projects) was conducted during early May 1992 to ascertain market rental rates. The results, which are summarized in Table 2, indicate a comparability between market and bond-financed rents.

TABLE 2
CITY OF COLTON
MONTHLY APARTMENT RENTS

Monthly Rent	Studio	1 Bdrm.	2 Bdrm.	3 Bdrm.	Total	Total Percentage Distribution
$400-$449	20	72	----	----	92	4.7%
$450-$499	120	622	72	----	814	41.4%
$500-$549	----	116	224	----	340	17.3%
$550-$599	----	----	403	----	403	20.5%
$600-$649	----	16	112	76	204	10.3%
$650-$699	----	----	----	----	0	----%
$700-$749	----	----	70	----	70	3.6%
$750-$799	----	----	----	43	43	2.2%
TOTAL:	**140**	**826**	**881**	**119**	**1,966**	**100.0%**

Cost Comparisons

The least costly approach to preservation would be to refinance the two existing bond developments and, therefore, extend the affordability controls for another 10 to 15 years. If this could not be accomplished, a rental assistance program would be the next least costly.

RESOURCES FOR PRESERVATION

Two types of resources are to be considered for preserving at-risk units, according to Section 65583 (a)(8)(C):

- √ Public agencies and nonprofit housing corporations;
- √ Public financing/subsidy programs.

The housing element, according to HCD, should identify public and private nonprofit corporations which have legal and managerial capacity to acquire and manage assisted housing developments. Redevelopment agencies and housing authorities should also be considered. This analysis should not merely list nonprofit housing developers in the area; their inclusion should be based on their expression of interest (in response to a locality's inquiry) in acquiring and managing such projects.
Secondly, the element must identify and consider all federal, State, and local financing and subsidy programs which can be used to preserve assisted projects for low-income use. Financing sources required by statute to be considered in the housing element include, but are not limited to, the following:

- √ Community Development Block Grant Program (CDBG) funds;
- √ Redevelopment agency tax increment funds, including, but not limited to, Low and Moderate Income Housing Funds; and
- √ Administrative fees (reserves) of any housing authority operating within the community.

Public Agencies and Nonprofit Corporations

According to State housing law, the analysis of existing assisted developments must "identify public and private non-profit corporations known to the local government which have legal and managerial capacity to acquire and manage these housing developments." The State HCD has compiled a list of entities interested in a "right of first refusal" in connection with the possible acquisition of assisted housing projects. The entities that have expressed an interest in San Bernardino County properties are listed below:

- √ Foundation for Social Resources, Inc.
- √ Twelve Park Enterprises
- √ Coachella Valley Housing Coalition
- √ HomeAid
- √ Southern California Presbyterian Homes
- √ Ralph F. Carrico
- √ Flory, Olson & Van Osdel
- √ Upland Housing Authority

A list of "Entities Interested in Right of First Refusal" was provided by HCD. The consultant was able to contact six of the eight entities listed for the San Bernardino area.

Twelve Pack Enterprises (Keystone Housing) is a for-profit corporation that develops affordable housing. Bill Doulaf indicated that this agency would be interested in discussing with the City possible acquisition of units at-risk.

The Coachella Valley Housing Coalition is a 501C3 non-profit agency engaged in the provision of affordable housing. Gary Boyse indicated that his agency has the capability of acquiring at-risk units. Further discussion would be required with the City of Colton to determine if their at-risk units would be of interest to the Coachella Valley Housing Coalition.

Kenya Zabo of the Upland Housing Authority indicated that agency can only participate in housing activities within the City of Upland.

Homeaid is a 501C3 non-profit agency that provides affordable housing. The amount of funds available varies from project to project. According to Alicia Back, this agency would be interested in reviewing with the City the potential for assisting units at-risk.

Ralph T. Carrico is a for-profit corporation that develops affordable housing. Mr. Carrico could not say whether his company would be in a position to acquire additional units at the time at-risk units become available. He would like to be notified as Notices of Intent are filed.

Southern California Presbyterian Homes is a 501C3 non-profit agency that specializes in affordable housing for seniors only. Their activities include HUD housing, skilled nursing homes, and continuing care retirement communities.

Marc Herrera indicated that this agency would be interested in receiving information about any senior projects that may become available.

Public Financing/Subsidy Programs

Community Development Block Grant Funds

The City of Colton receives Community Development Block Grant funds through the County of San Bernardino. For FY 92-93, the annual allocation is $233,000. The block grants will be used for the following projects: street improvements; youth counseling, senior citizens outreach; anti-graffiti; elevator installation; and contingency. The CDBG are not an extensive funding source and may have limited potential in the preservation of assisted housing at risk of conversion to non-low income uses in Colton.

Redevelopment Agency Tax Increment Funds for Low and Moderate Income Housing

State law requires redevelopment agencies to set aside at least 20% of tax increment revenues for increasing and improving the community's supply of low and moderate income housing, unless findings are made to exempt a project from the requirement. The preservation of assisted housing at risk is an eligible use of 20% set-aside funds. State redevelopment law indicates a permitted use of the fund is: "Preserve the availability to lower income households of affordable housing units in housing developments which are

assisted or subsidized by public entities and which are threatened with imminent conversion to market rates."

The Redevelopment Agency will have a projected $2 million in the 20% set-aside fund as of FY 92-93. Annually, the Agency has an estimated $200,000 available after payment of debt service and operating expenses for the Colton Palms project. The City and Agency staff will be evaluating possible uses of the 20% set-aside during the next six to 12 month time period.

Bond Funding

There is a possibility the affordability of assisted units could be preserved for a longer period of time by refinancing the project to provide a more favorable interest for the owner in exchange for extending the period of affordability.

QUANTIFIED OBJECTIVES

Localities are required to establish in their housing elements quantified objectives for the maximum number of housing units that can be constructed, rehabilitated, and conserved over a five-year time frame. The objective for units to be conserved should include a subtotal for the number of at-risk units to be preserved over the five-year planning period. This *preservation subtotal should be based on the number of units in the first five years* of the 10-year inventory of at-risk units developed pursuant to Section 65583(a)(8)(A). Any difference between the number of units at risk during this five-year period and the preservation objective should be explained.

There are no assisted housing units at risk prior to July 1994. Consequently, a quantified objective has not been set forth. The Housing Element update, due no later than mid-year 1999, will set forth numerical preservation targets for the 1994-1999 time period.

PROGRAMS FOR PRESERVATION

According to HCD, the housing element should include programs to preserve the low-income use of at-risk projects listed in the ten-year inventory, with specific focus on units at risk during the five-year planning period. These efforts should use all financing sources identified earlier, except where the community has identified other (more) urgent needs of these funds. Programs might range from regulatory and technical assistance measures to providing direct loans or grants.

As with other housing element programs, preservation programs should be specific and concrete, indicating commitment by the locality to act. Each program should indicate a responsible party for implementation, and should include a timetable. Where units are currently at risk of conversion, the program timetable should be responsive to the particular situation.

Programs

The "at-risk" housing programs to be implemented are described below. These programs are based on prototypical strategies described by the State Department of Housing and Community Development (refer to Attachment 1).

Program 1 — Monitor At-Risk Project:

Action: The City will contact the owners of the assisted developments to determine if they plan to stay-in with incentives or sell to a priority purchaser. The purpose of the contact is to gain more detailed information on the owners intent with regard to the assisted units as soon as possible.

Responsible Agency: The Planning Department and Redevelopment Agency staff will initiate the contacts with the one owner. A summary report then will be distributed to the City Council.

Time Schedule: The contacts would be made by November 1992 and the City Council informed by early 1993.

Funding Source: The General Fund is the likely source for supporting the staff work involve in making the owner contacts.

Program 2 — Housing Element Amendments:

Action: If the properties are to be offered for sale, the City will evaluate the appropriateness and/or necessity for incorporating two additional strategies suggested by HCD: a) provide tenant and community education; and b) assist nonprofits and other public entities.

Responsible Agency: The Planning Department will be responsible for evaluating these two strategies and reporting to the City Council.

Time Schedule: The evaluation of these two strategies will be started after contact has been made with the project owner. The evaluation should be commenced as soon as the City obtains information that the owner plans to sell the assisted project to a priority purchaser.

Funding Source: The General Fund will be the financing source for the staff work on the Housing Element Amendments.

Program 3 — Gap Financing Assistance Program:

Action: The at-risk project which may be sold to a priority purchaser may need funds in addition to the mandated federal funds. The priority purchaser should identify all sources of financing necessary to implement acquisition. There may be a need for gap financing that could be filled by local resources. The City will enact a program of "gap" financing with the use of the 20% set-aside fund in the event a need is identified.

Responsible Agency: The Planning Department and Redevelopment Agency will be jointly responsible for completing the gap financing programs.

Time Schedule: The program will be prepared in conjunction with a Notice of Intent and Plans of Action.

Funding Source: The General Fund is the likely source for supporting the staff work on preparing the gap financing programs. The source of actual financial assistance likely would be the 20% set-aside.

Program 4 — Extend the Use Restriction Term Through Refunding of Bond-Financed Projects

Action: The City will urge the County to offer incentives to project owners to consider bond refunding and extend the affordability controls for another 10 to 15 years.

Responsible Agency: The Planning Department will prepare a resolution for adoption by the City Council that will express: a) the City's concerns to preserve existing assisted units; and b) urge the County of San Bernardino to develop incentives for bond refunding.

Time Schedule: The resolution will be prepared and adopted by the City Council no later than December 1992.

Funding Source: The General Fund will finance the staff work involved in preparation of the resolution and coordination with the County.

ATTACHMENT A
LEGISLATIVE REQUIREMENTS

A housing element's assessment of housing needs was expanded by the new legislation. According to Section 65583(a)(8):

> "An analysis of existing assisted housing developments that are eligible to change to non-low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of use restrictions. "Assisted housing developments", for the purpose of this section, shall mean multi-family rental housing that receives governmental assistance under federal programs listed in subdivision (a) of Section 65863.10, state and local multi-family revenue bond programs, local redevelopment programs, the federal Community Development Block Grant Program, or local in-lieu fees. "Assisted housing developments" shall also include multi-family rental units that were developed pursuant to a local inclusionary housing program or used to qualify for a density bonus pursuant to Section 65916.
>
> (A) The analysis shall include a listing of each development by project name and address, the type of governmental assistance received, the earliest possible date of change from low-income use and the total number of elderly and non-elderly units that could be lost from the locality's low-income housing stock in each year during the 10-year period. For purposes of state and federally funded projects, the analysis required by this subparagraph need only contain information available on a statewide basis.
>
> (B) The analysis shall estimate the total cost of producing new rental housing that is comparable in size and rent levels, to replace the units that could change from low-income use and an estimated cost of preserving the assisted housing developments. This cost analysis for replacement housing may be done aggregately for each five-year period and does not have to contain a project by project cost estimate.
>
> (C) The analysis shall identify public and private nonprofit corporations known to the local government which have legal and managerial capacity to acquire and manage these housing developments.
>
> (D) The analysis shall identify and consider the use of all federal, state, and local financing and subsidy programs which can be used to preserve, for lower income households, the assisted housing developments, identified in this paragraph, including, but not limited to, federal Community Development Block Grant Program funds, tax increment funds received by a redevelopment agency of the community, and administrative fees received by a housing authority operating within the community. In considering the use of these financing and subsidy programs, the analysis shall identify the amount of funds under each available program which have not been legally obligated for other purposes and which could be available for use in preserving assisted housing developments."

Section 65583(b) now reads:

> "A statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement, and development of housing."

The housing program requirements were amended to include:

> "Preserve for lower income households the assisted housing developments identified pursuant to paragraph (8) of subdivision (a). The program for preservation of the assisted housing developments shall utilize, to the extent necessary, all available federal, state, and local financing and subsidy programs identified in paragraph (8) of subdivision (a), except where a community has other urgent needs for which alternative funding sources are not available. The program may include strategies that involve local regulation and technical assistance."

ATTACHMENT B

CHECKLIST TO CONFIRM LACK OF AT-RISK UNITS PURSUANT TO GOVERNMENT CODE SECTION 65583(A)(8)

Jurisdiction Colton Date May 8, 1992

1. HUD programs:

Section 8 Lower-Income Rental Assistance project-based programs:
- New Construction
- Substantial or Moderate Rehabilitation
- Property Disposition
- Loan Management Set-Aside

Section 101 Rent Supplements
Section 213 Cooperative Housing Insurance
Section 221(d)(3) Below-Market-Interest-Rate Mortgage Insurance Program
Section 236 Interest Reduction Payment Program
Section 202 Direct Loans for Elderly or Handicapped

___ there are no such units for our jurisdiction listed in the Inventory of Federally Subsidized Rental Units At Risk of Conversion, 1990 or subsequent updated information made available by HPD.

129 units for our jurisdiction in the above inventory are ~~not~~ at risk during the ten-year analysis period; no units are at risk until 1995 (year). (Section 8 project-based assistance.)

2. Community Development Block Grant program (CDBG)

___ jurisdiction has not used CDBG funds

x jurisdiction has not used CDBG funds for multifamily rental units

___ although CDBG funds have been used for multifamily rental rehabilitation, staff responsible for this program indicate there are no affected units because _____.

3. Redevelopment programs

___ jurisdiction does not have a redevelopment agency

___ redevelopment funds have not been used on multifamily rental units; or

Attachment B (continued)

X although redevelopment funds have been used for multifamily rental units, staff responsible for this program indicate there are no affected units because

___ a) income-restrictions for occupancy were not required for existing units, or

X b) other reasons: income-restrictions for the Colton Palms extend for the life of the bonds (30 years).

4. FmHA Section 515 Rural Rental Housing Loans

___ jurisdiction has not been located in a qualifying rural FmHA area

___ according to information made available by HPD, there are no such eligible projects reported by FmHA within the community or unincorporated area

___ FmHA staff checked the status of _____(name)_____ development(s) and reported that it is not eligible for prepayment or not eligible for prepayment within the ten-year analysis period.

5. State and local multifamily revenue bond programs

___ no bond-financed units eligible to terminate affordability controls within the next ten years were reported in the following publication: 1990 Annual Summary: The Use of Housing Revenue Bond Proceeds, California Debt Advisory Commission, and

___ local housing authority staff indicate there are no such units within the community.

120 Bond-financed units are eligible to terminate affordability controls in the next 10 years per 1991 Annual Summary: The Use of Housing Revenue Bond Proceeds.

6. Local in-lieu fee programs or inclusionary programs

X jurisdiction has not had an in-lieu fee or inclusionary program

___ staff responsible for these programs indicate no affected units

Attachment B (continued)

7. Developments which obtained a density bonus and direct government assistance pursuant to Government Code Section 65916.

__X__ jurisdiction has no projects approved pursuant to this law

____ staff responsible for this program indicate no affected units

8. Additional comments related to any of the above:

No additional comments.

lmwb:preserve.he

ATTACHMENT C
LOCAL EFFORTS TO PRESERVE AT-RISK UNITS

1. Identify At-Risk Units

Identify all projects which are eligible to terminate affordability controls at some point. Establish a system for early identification of projects which appear most susceptible to conversion.

2. Complete Planning Documents and Assess Potential Conversion Impact

Complete housing element updates, Comprehensive Housing Affordability Strategies (CHAS), and other planning actions to prepare preservation strategies; this will also help the jurisdiction qualify or compete for State and federal funds. Information can be included in the housing element to substantiate the effect of conversion of affordable units on the housing opportunities for displaced tenants and the resulting economic impact.

3. Monitor At-Risk Units

Monitor and respond to any notice of intent required by Government Code Section 65863.10 or federal law, or plans of action which may be filed on local projects. Promptly send copies of notices received to HCD. Inform tenants of any assistance available, and ensure that the probable impact of any change in project controls is made clear to regulatory agencies (HUD, FmHA, other). It may be possible to negotiate extension of the phase-in-period (at least three years) for project rent increases.

4. Provide Tenant and Community Education

- Promote community awareness and initiatives by involving affected constituencies in assessing the preservation problem locally. Conduct educational workshops on the issue. Hold public hearings pursuant to Goverment Code Section 65863.10, or workshops on individual projects subject to conversion, or the conversion issue.

- Educate tenants on the information required for legally-valid notices of intent and Plans of Action.

5. Adopt Preservation Incentives or Conversion Disincentives

- Provide tax or fee incentives/disincentives such as waiving particular fees in exchange for preservation commitment, or assessing a conversion "impact fee" or "in-lieu contribution".

- Adopt conversion protections, e.g., prohibit condominium conversion, one-for-one replacement of units for which affordability controls are converted to market rate rents, where not preempted by State or federal law.

- Require owners to provide relocation assistance for displaced tenants where not already required by federal, State, or local statute.

- Review and revise local regulations on affordability controls for locally-subsidized housing to require preservation of units affordable to lower-income households for the remaining useful life of the building.

6. Submit Comments to HUD on Plans of Action Submitted by Owners

- Local goverment can submit comments to HUD for consideration regarding the conditions of approval of a Plan of Action (POA) for a project under ELIHPA. Copies of Plans of Action submitted under LIHPRHA are to be submitted to the local government (Section 217 of LIHPRHA) for the local government to review and advise the tenants. The locality can also submit comments on the proposed POA and communicate its concerns to HUD throughout the application processing.

7. Assist Nonprofits and Other Public Entities

- Identify and assess the interest of potential "priority purchasers" (local public agencies, nonprofits, and resident councils of at-risk project(s) for specific projects, should they be offered for sale.

- Bring together existing owners and potential nonprofit or other public entity buyers, or bring in technical assistance providers to act as brokers.

- Finance buyouts by nonprofits and othe public entities thorugh equity or gap financing, advancing purchase-option funds, carrying of second mortgages, interest writedowns, issuance of tax-exempt bonds for financing acquisitions, or rent reductions. There may be a need for local funds to supplement federally-provided incentives for Section 236 or Section 221(d)(3) projects exceeding the federal cost limits (pursuant to LIHPRHA), if HUD discretionary grants are unavailable or insufficient.

- Provide grants or low-interest loans to at-risk projects in need of rehabilitation in exchange for extended affordability controls.

- Provide grants and/or forgivable loans to potential purchasers to finance preliminary feasibility studies of acquisition or rehabilitation of projects whose owners desire to sell.

- Provide financial relocation benefits for households dislocated from units with terminating affordability controls.

- Provide "capacity-building" grants or direct technical assistance to create or strengthen tenant management groups and local nonprofits capable of acquiring and managing at-risk projects. Grants could also be provided for tenant education.

- Where public acquisition on a permanent basis is not feasible, assist a public entity in purchasing a property offered for sale for temporary ownership, until a qualified long-term owner can be found.

8. Extend Use Restriction Term Through Refunding of Bond-Financed Projects

Refinance projects financed with locally-issued mortgage revenue bond proceeds (optional bond refunding), extending the existing term of affordability controls.

9. Obtain Additional Section 8 Certificates or Vouchers

For non-federal properties with expiring use restrictions, obtain additional Section 8 certificates or vouchers for qualified tenants without them or use locally-generated funds for rent subsidies.

10. Support Additional Multi-Family Rental Housing

- Support efforts to maintain a healthy multi-family rental market, since the functioning of the local rental market affects the attractiveness of conversion. In tight rental markets, new multi-family development can ease upward pressure on local rents and abate appreciating market values of at-risk developments.

- Provide strong incentives for new low-income units pursuant to State Density Bonus Law (Goverment Code Section 65915).

- Acquire/rehabilitate existing units for which affordability controls are imposed.

SAN BERNARDINO

INVENTORY OF LOW INCOME RENTAL UNITS
SUBJECT TO TERMINATION OF FEDERAL MORTGAGE AND/OR RENT SUBSIDIES
BY THE YEAR 2008

	PROJECT NAME STREET LOCALITY ZIP CODE	OWNER NAME STREET LOCALITY ZIP CODE	FHA PROJECT # SECTION OF ACT OWNER/TENANT TYPE RENT SUP,FLEX,TPA	LOAN AMOUNT LOAN TERM,INTEREST RATE PROCESSING STATUS FINAL ENDORSEMENT DATE	SECTION 8 CONTRACT # PROGRAM/FINANCE TYPE SECTION 8 TYPE HAP AGREE/EXEC DATE	TOTAL UNITS TOTAL ELDERLY FHA	 SECTION 8	EARLIEST DATE OF SUBSIDY TERMINATION* FHA	 SECTION 8
1	-----		---		CA16K019001 MOD REHAB 31JUL81 30SEP83	0 0	88 20		30SEP96 (+ 0)
2	-----		---		CA16K019002 MOD REHAB 31MAR82 30JUN84	0 0	68 12		30JUN99 (+ 0)
3	VIRGINIA TERRACE 615 EAST VIRGINIA WAY BARSTOW 92311	LINCOLN PROPERTY 16152 BEACH BLVD HUNTINGTON BEACH, CA 92647	14335075 221(D)(4) PM FAM	$2,660,700 40 11.00 FINAL ENDRS CURRENT 28OCT82	CA160093001 NEW CON FHA 21MAY81 01MAR82	76 0	75 0		01MAR02 (+ 0)
4	VISTA PARK CHINO 5819 RIVERSIDE DRIVE CHINO 91710	GOLDRICH & KEST 5150 OVERLAND AVE CULVER CITY, CA 90230	14335076 221(D)(4) PM FAM	$2,145,800 40 8.00 FINAL ENDRS CURRENT 16NOV83	CA160061005 NEW CON FHA 05AUG82 13JUN83	40 0	40 0		13JUN03 (+ 0)
5	STEELWORKERS OLDTIMERS 12855 OAK ST CHINO 91710	STEELWORKERS OLTMR 9030 SIERRAO F FONTANA, CA 92335	122EH122 202 ELDERLY NP WAH	$3,918,500 40 9.00 FINAL ENDRS CURRENT 26JUL84	CA16T801009 NEW CON SEC 202 SEC 202/8 18MAR82 17NOV83	84 84	84 84	26JUL24 (+ 0)	17NOV03 (+ 0)
6	RANCHO & MILL APTS 2192 RANCHO AVE COLTON 92324	MGMT ASSIST GP INC 881 ALMA REAL 205 PACIFIC PALISADES, CA 90272	12235021 221(D)(3) MKT RT NP FAM	$1,396,800 40 6.00 HELD CURRENT 30APR69	CA16M000321 EXISTING LMSA/SUP CONV 26OCT84	129 0	129 0		26OCT94 (+ 5)
7	MILLER AVE APTS 16787 MILLER AVE FONTANA 92335	MILLER AVE APTS 285 NO PALM CANYON PALM SPRINGS, CA 92262	12244178 236(J)(1) LD FAM	$923,900 40 7.00 HELD CURRENT 24APR73	CA43M000008 EXISTING LMSA 22OCT76	64 0	64 0	24APR93 (+20)	22OCT91 (+ 0)

*Based on project status 4/1/91. Numbers in parentheses indicate years of subsidy still remaining at earliest date of termination.
1Most Flexible Subsidy projects have use restriction requiring retention of low- and moderate-income character for at least the remaining term of mortgage.
Prepared for California Housing Partnership by California Coalition for Rural Housing Project. Source: HUD MIDLIS and MIS databases.

SAN BERNARDINO COUNTY
Multifamily Housing Bond Issuers

ISSUER	DATE OF SALE	ISSUANCE AMOUNT	PROJECT ZIPCODE	DEVELOPER TYPE			PROJECT ALLOCATION	PROCEEDS EXPENDED PER UNIT	CONVERSION DATE (YEARS)	TOTAL # OF UNITS (OCCUPIED)	TOTAL # TARGETED (OCCUPIED)
Barstow	06/04/85	5,200,000									
			Scenic View	Albert Sykes			4,482,092	28,731	1997	156	31
			92311	P					(10)	(148)	(29)
					STUDIO:						
				PROJECT	1 BDRM:	425					
				RENTS($)	2 BDRM:	485					
					3+BDRM:						
Barstow	11/15/85	4,500,000									
			Desert Vista	Cropsey Construction			4,500,000	31,154	1996	142	29
			92311	P					(10)	(135)	(35)
					STUDIO:						
				PROJECT	1 BDRM:	397					
				RENTS($)	2 BDRM:	452					
					3+BDRM:	520					
Barstow	04/28/88	5,100,000									
			Rimrock Village	Rimrock Village			4,998,000	36,217	2018	138	28
			92311	P					(15)	(138)	(28)
					STUDIO:						
				PROJECT	1 BDRM:	348					
				RENTS($)	2 BDRM:	383					
					3+BDRM:						
Colton	04/29/85	7,500,000									
			Meadow Lane Villas	SBE Devel			6,840,450	36,058	1995	208	42
			92324	P					(10)	(119)	(13)
					STUDIO:						
				PROJECT	1 BDRM:						
				RENTS($)	2 BDRM:	507					
					3+BDRM:						

SAN BERNARDINO COUNTY
Multifamily Housing Bond Issuers

ISSUER	DATE OF SALE	ISSUANCE AMOUNT	PROJECT ZIPCODE	DEVELOPER TYPE	PROJECT ALLOCATION	PROCEEDS EXPENDED PER UNIT	CONVERSION DATE (YEARS)	TOTAL # OF UNITS (OCCUPIED)	TOTAL # TARGETED (OCCUPIED)
Colton RDA	05/23/85	20,000,000	Cottonwood Ranch 92324	Mayer Indian Oaks P STUDIO: PROJECT 1 BDRM: 350 RENTS($) 2 BDRM: 415 3+BDRM: 511	19,070,000	49,149	1997 (11)	388 (351)	78 (63)
Colton RDA	10/17/86	5,295,000	Casa del Rio II 92324	Fredricks Dev Corp P STUDIO: PROJECT 1 BDRM: 338 RENTS($) 2 BDRM: 380 3+BDRM:	4,933,833	37,289	2001 (15)	142 (136)	29 (28)
Colton RDA	10/17/86	6,410,000	Casa del Rio III 92324	Fredricks Dev Corp P STUDIO: 295 PROJECT 1 BDRM: 338 RENTS($) 2 BDRM: 380 3+BDRM:	6,408,093	37,267	2001 (15)	172 (163)	35 (33)
Colton RDA	04/12/90	6,515,000	Colton Palms 92324	Colton NP Senior Housing NP STUDIO: PROJECT 1 BDRM: RENTS($) 2 BDRM: 3+BDRM:	5,568,500		(15)	101 ( )	101 ( )

File

INTEROFFICE MEMORANDUM

DATE: NOVEMBER 25, 1992

TO: CITY COUNCIL/CITY MANAGER

FROM: LISA R. MORAN, ASSOCIATE PLANNER LM
COMMUNITY DEVELOPMENT DEPARTMENT

RE: PLANNING COMMISSION MEETING 11/24/92

The following projects were approved/denied/continued by Planning Commission at their regular meeting of NOVEMBER 24, 1992.

CONTINUED	DV-75-92 -REIT CALIFORNIA (WINDRUSH APTS-MAINTENANCE BLDG)
APPROVED	DC-76-92 - A & R TRANSPORT (TEMPORARY TRUCK WASH FACILITY)
APPROVED	DC-79-92 - INLAND EMPIRE COMPOSTING (OFFICE TRAILERS)
APPROVED	DC-61-92 - G.W. SINGLETARY (REVISE TRAFFIC FEES)
CONTINUED	DG-87-92 - UPDATED HOUSING ELEMENT

The City Council has the right to appeal a Commission action, per City Ordinance, Section # 18.32.020 (F.8), within 7 calendar days of the Planning Commission action. At least two Council members must submit a written appeal to the Community Development Department in order to initiate the appeal process on any given project.

Thank you

(Space below for filing stamp only)

Proof of Publication

CITY OF COLTON

COMMUNITY DEVELOPMENT DEPARTMENT

STATE OF CALIFORNIA, } ss.
County of San Bernardino,

The undersigned hereby certifies as follows:

I am a citizen of the United States, over the age of twenty-one years, and not a party to nor interested in the above-entitled matter; I am the principal clerk of the printer of a newspaper, to wit, *The Sun*; the same was at all times herein mentioned a newspaper of general circulation printed and published daily, including Sunday, in the City of San Bernardino, in the County of San Bernardino, State of California; said newspaper is so published every day of the year as and under the name of *The Sun*, said newspaper has been adjudged a newspaper of general circulation by the Superior Court of the State of California, in and for the County of San Bernardino, by a judgment of said Superior Court duly made, filed and entered on June 20, 1952, in the records and files of said Superior Court in that certain proceeding entitled In the Matter of the Ascertainment and Establishment of *The Sun* as a Newspaper of General Circulation, numbered 73084 in the records of civil proceedings in said Superior Court and by judgment modifying the same, also made, filed and entered in said proceeding; the notice or other process or document hereinafter mentioned was set, printed and published in type not smaller than nonpareil and was preceded with words printed in black face type not smaller than nonpareil describing and expressing in general terms the purport or character of the notice intended to be given; and the

NOTICE OF PUBLIC HEARING

DG 87-92 PLANNING DIV./AMENDMENT OF HOUSING ELEMENT OF GENERAL PLAN

of which the annexed is a true printed copy, was published in each edition and issue of said newspaper of general circulation, and not in any supplement thereof, on each of the following dates, to wit:

NOVEMBER 12, 1992

I certify under penalty of perjury that the foregoing is true and correct.

Helen Dixon

Executed on the 13 day of NOVEMBER, 19 92, at San Bernardino, in said County and State.

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Planning Commission of the City of Colton will hold a Public Hearing in the City Hall, Council Chambers, 650 North La Cadena Drive, Colton, California 92324, at **7:30 P.M., Tuesday, November 24, 1992,** on the following:

File Index Number: DG-87-92
Applicant: City of Colton Planning Division
Request: Amendment of the Housing Element of the City's General Plan
Location: City-wide

ANY PERSON MAY APPEAR IN PERSON OR BY AGENT AND BE HEARD. PETITIONS SIGNED BY INTERESTED PERSONS MAY BE FILED WITH THE CITY OF COLTON; COMMUNITY DEVELOPMENT DEPARTMENT, PLANNING DIVISION.
11/12 (39) 1659

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